



Winspear Business Reference Library
University of Alberta
1-18 Business Building
Edmonton, Alberta T6G 2R6

AR77

2005 REPORT ON SUSTAINABILITY

OUR JOURNEY TOWARD SUSTAINABLE DEVELOPMENT

stepping forward through
innovation and technology



As Suncor steps forward into a new era of oil sands growth, technology will help shape the future.



THE TECHNOLOGY OF OIL SANDS EXTRACTION HAS CHANGED OVER THE YEARS. TODAY, SUNCOR IS USING **IN-SITU EXTRACTION**, WHICH ALLOWS US TO TAP BITUMEN RESERVES THAT ARE NOT ACCESSIBLE BY MINING WHILE DISTURBING 90% LESS LAND. IN OTHER PARTS OF OUR BUSINESS, NEW DRILLING AND EXPLORATION TECHNOLOGIES, SUCH AS LOW-IMPACT SEISMIC TESTING, SIGNIFICANTLY REDUCE LAND DISTURBANCE.



IMPROVEMENTS IN **WATER TREATMENT TECHNOLOGY** MEAN OUR IN-SITU OPERATIONS DO NOT USE LOCAL GROUNDWATER. ALTHOUGH A LARGE AMOUNT OF WATER IS USED TO CREATE THE NECESSARY STEAM, THE MAJORITY OF WATER USED IS RECYCLED. WATER TREATMENT FACILITIES, SUCH AS THE WARM LIME SOFTENER, ARE EXPECTED TO ALLOW THE PLANT TO RECOVER AND REUSE UP TO 95% OF THE WATER INJECTED INTO THE WELLS.



RECOVERY TECHNOLOGY REDUCED SULPHUR DIOXIDE EMISSIONS FROM OUR OIL SANDS OPERATION BY MORE THAN 75% WHEN IT WAS INTRODUCED IN 1996. SULPHUR RECOVERY TECHNOLOGY IN OUR REFINERIES ALSO ENABLES SUNCOR TO MARKET CLEANER BURNING GASOLINE AND DIESEL FUEL.



SUNCOR'S TWO **WIND FARMS** HAVE THE CAPACITY TO PRODUCE ENOUGH CLEAN ELECTRICITY TO OFFSET 115,000 TONNES OF CARBON DIOXIDE EMISSIONS ANNUALLY.

TOWARD OUR ENERGY FUTURE

To balance energy supply and demand, we must continue to push the boundaries of innovation and technology. Often, this means we must look far into the future. Many of tomorrow's sustainable technologies are not even on the drawing board yet. Others have progressed from daring ideas into the research and development phase. A few are on the verge of commercial viability.

Suncor is actively exploring some near-term possibilities such as the gasification of petroleum coke, an oil sands byproduct that could generate hydrogen as well as reduce our reliance on natural gas. Carbon capture technologies are also advancing and could help significantly reduce industrial greenhouse gases within a decade.

Further into the future, we may look to new or emerging technologies such as geothermal energy or renewable fuels made from organic waste. We can't say for sure what the future holds, but visionary ideas like these could one day transform the way we develop our energy resources.

02	OUR BUSINESS
04	CEO'S MESSAGE
08	RESPONSIBLE GROWTH
12	VISION, GOVERNANCE AND POLICIES
15	SOCIAL PERFORMANCE
31	ENVIRONMENTAL PERFORMANCE
47	ECONOMIC PERFORMANCE
58	SYSTEMIC INDICATORS
60	AUDITORS' REPORT AND OBSERVATIONS
62	PERFORMANCE INDICATORS
82	POLICIES ADDRESSING GRI
86	GRI CONTENT INDEX

All financial information is reported in Canadian dollars unless otherwise noted. References to "Suncor" or "the company" mean Suncor Energy Inc., its subsidiaries and joint venture investments, unless the context indicates otherwise. This document contains forward-looking statements based on current expectations that involve risks and uncertainties. Actual results may differ materially. See the legal notice on the inside back cover for additional information.




FIND OUT MORE

As the first company to commercially develop Canada's oil sands in 1967, Suncor Energy pioneered the use of many unconventional technologies. Today, as we reach for daily production of more than half a million barrels, our employees are striving to be pioneers in a new era of oil sands development. That means finding new ways to help balance growing world energy demand with the need to preserve our environment and quality of life. To help address this energy dilemma, Suncor will once again look to technological innovation for answers.

WHAT'S INSIDE

This Report on Sustainability outlines Suncor's sustainability vision and primarily reports on our performance during 2003 and 2004, providing a five-year trend where possible.

Suncor believes reporting on our performance moves us closer to our goal of being a sustainable energy provider. It compels us to pause, check our progress and reflect on the best means of continuing to improve our performance.

This report highlights examples of how technology and innovation are helping us achieve sustainability. Watch for the  symbol.



SUNCOR ENERGY INC. is an integrated energy company strategically focused on developing one of the world's largest petroleum basins – Canada's Athabasca oil sands.

Suncor believes technology and innovation hold the key to generating the oil products consumers demand while also staying true to our sustainability principles: ensuring economic and social benefits are generated in environmentally responsible ways.

PEOPLE MAKE TECHNOLOGY WORK

Technology may drive Suncor toward our vision of sustainability, but it will be people – our employees, customers, suppliers, partners and community neighbours – that will steer us along our path.

After all, technology is simply the catalyst. It is people who make technology work – they invent it, refine it and implement it in ways that enable Suncor to step forward responsibly. As we develop technologies to

help us achieve our sustainability vision, we will engage our stakeholders every step of the way.

We will continue to seek input and ideas from Suncor employees, with their front-line perspectives and problem-solving capabilities. We will invite our Aboriginal stakeholders to share their unique expertise in environmental stewardship and their vision of social well being. And we will engage a wide range of government, industry and community partners to

develop a collective approach to the sustainable development of Canada's vast oil sands resource.

Technology is a means to an end – a potentially powerful tool to help move us toward a healthy and vibrant energy future. But it will be our employees and stakeholders who apply technology that will guide us on our sustainability journey.



MARKET REACH

As we expand production, Suncor also plans to expand our connections into North America, the largest crude oil and refined products market in the world.

ABOUT SUNCOR ENERGY

Although our head office is in Calgary, Alberta, Suncor's four businesses and more than 4,500 employees extend our reach throughout Western Canada, Central Canada and parts of the United States.

Oil Sands Located in the Wood Buffalo region near Fort McMurray, Alberta, our oil sands business recovers bitumen through conventional surface mining and in-situ technologies and upgrades it into refinery-ready crude oil products and diesel fuel.

Natural Gas and Renewable Energy Based in Calgary with operations in western Alberta and northeastern British Columbia, this business manages development and production of natural gas. The business also supports our environmental goals by managing investments in wind energy and developing strategies to reduce greenhouse gas emissions.

Energy Marketing and Refining – Canada Based in Toronto, Ontario, this business markets our natural gas production and refinery-ready crude oil products

to commercial and industrial customers. The business also operates a 70,000 barrel per day refinery in Sarnia, Ontario, and a network of Sunoco-branded retail and fleet fuel cardlock sites throughout the province.

Refining and Marketing – U.S.A. Through our office in Denver, Colorado, this business connects Suncor to industrial, commercial and retail markets in the U.S. Rocky Mountain region. The business operates a 60,000 barrel per day refinery in Commerce City, Colorado, 43 retail stations under the Phillips 66 brand and associated storage, pipeline and distribution facilities in Colorado and Wyoming. In June 2005, Suncor acquired the Colorado Refining Company, which includes a 30,000 barrel per day refinery in Commerce City and a products terminal in Grand Junction, Colorado. Suncor plans to fully integrate our U.S.-based operations, providing a combined refining capacity of approximately 90,000 barrels per day. Performance indicators for the expanded facility will be reported in Suncor's 2007 Report on Sustainability.

Major Projects This internal group is responsible for managing engineering, procurement and construction for all expansion projects.

CONNECTING WITH CONSUMERS

While technology is one of the keys to ensuring we develop our products in an environmentally responsible way, Suncor is also working to ensure we meet consumer expectations for high-quality, competitively-priced and safe products.

Consumers across North America use Suncor oil, natural gas and clean electricity to fuel their vehicles, heat their homes and power factories, schools and hospitals. Our products also serve as the feedstock for the production of a variety of consumer goods such as plastics and household detergents.

SUNCOR'S PRODUCTS



Refinery feedstock



Byproduct that can be used as fuel source for utilities plants or sold to third parties



Byproduct that can be used in production of fertilizers/chemicals



Used in roads and construction



Transportation fuel (road and rail)



Used by manufacturers to produce plastics and polymers, pharmaceuticals, dyes, detergents and insecticides



Gasoline blends



Natural gas offsets Suncor's consumption and excess is sold to external customers



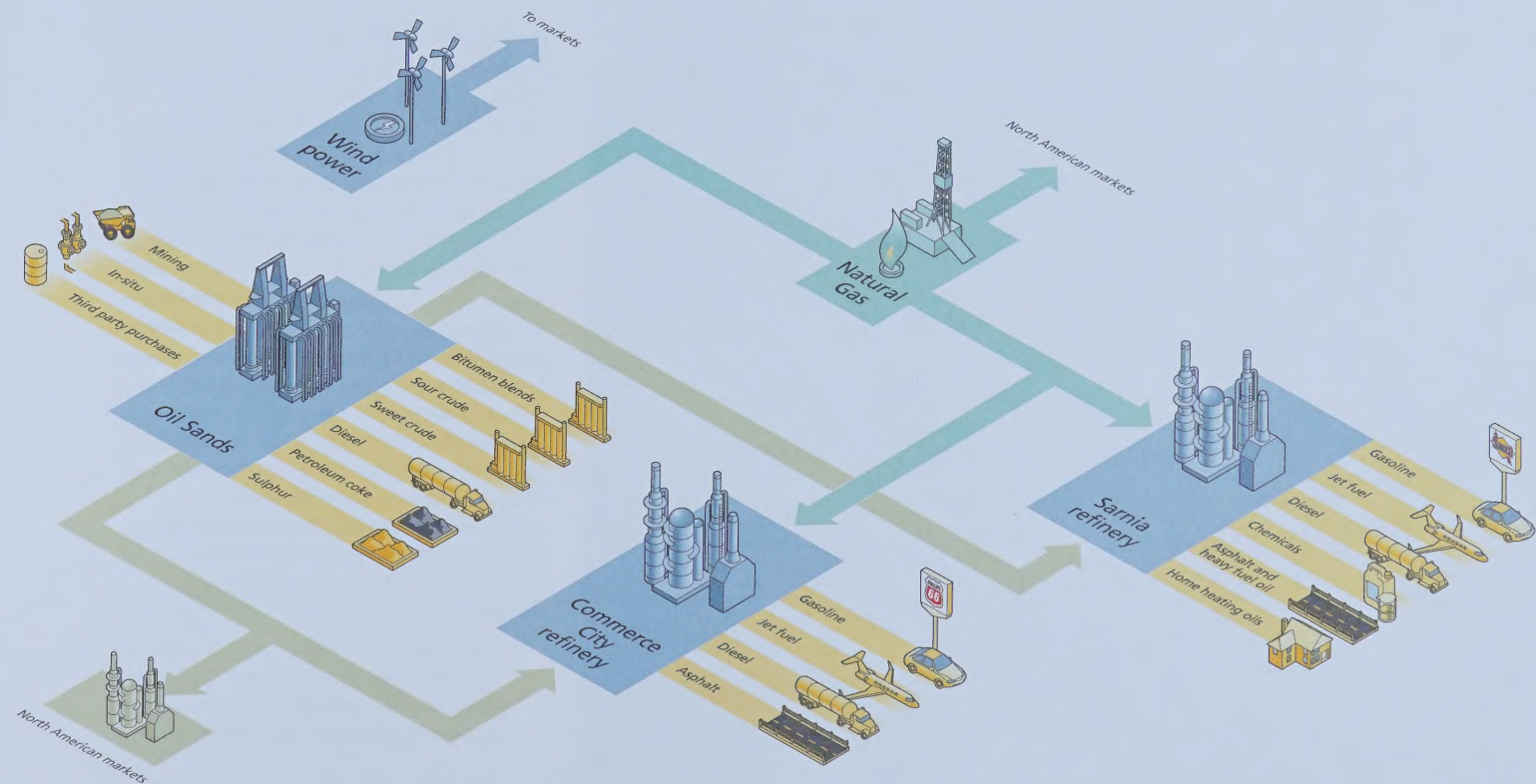
Fuel for major domestic and international airlines



Used for commercial and residential heating



Clean electricity sold into grid or by power purchase agreement in Saskatchewan and Alberta





"I recognize that technology is not a quick fix. I also know Suncor cannot drive change in isolation. Change will require the energies of many. But with that change, we will gain a greater appreciation of the power of technology to build our businesses and transform our lives."

Rick George
president and chief executive officer

Thirty years ago, few people imagined the oil sands deposits of the remote Athabasca region could ever become a major driver of North America's prosperity.



▶ Fortunately, our company was built by innovators who could see past the challenges of geology and geography. Where no technology existed to solve a problem, they invented it. Suncor's employees, the pioneers of oil sands development, diligently refined and improved those technologies over the years. And today, the oil sands region is a modern industrial force generating energy and opportunity for North Americans.

However, our industry now faces its next big challenge – how to grow this rich oil sands resource in sustainable ways. With our past successes to guide us, we will look to a new generation of Suncor pioneers to make it happen – a new generation of employees who are once again embracing technology and pushing the limits of innovation. Their goal is to strengthen the oil sands industry to ensure economic growth is achieved in environmentally and socially responsible ways. That principle lies at the heart of Suncor's sustainability vision and will ensure this resource is available to meet the needs of future generations.



Being a sustainable energy company means managing our business in a way that enhances social and economic impacts to society while striving to minimize and mitigate environmental effects associated with resource development.

One of the keys to achieving this vision is to think broadly about what technology can do for us. At its most direct level, technology connects to our business strategy by helping to increase Suncor's energy production while reducing our air emissions, land disturbance and water use.

But technology goes further than our core business operations. It also connects us to people by helping to deliver training to remote communities and recruit new employees via the internet. It links us to the environment with motion-sensitive cameras that enable us to better monitor wildlife on our sites. And, it unites us with new business opportunities by working with Aboriginal entrepreneurs to develop marketable technologies for the oil sands industry.

Each of these examples represents an innovative use of technology and a tangible step forward on our sustainability journey. I believe there will be many more steps like these – some big, some small – as our industry and society strive to find responsible new ways to deliver the energy consumers demand.

STEPPING FORWARD THROUGH TECHNOLOGY

The Alberta Chamber of Resources agrees. In 2004, it released its Oil Sands Technology Roadmap – a visionary document that charts a bold, yet achievable, direction for our industry. It highlights emerging technologies, such as carbon capture, that could significantly reduce the environmental footprint of oil sands development. The Oil Sands Technology Roadmap provides a realistic model for achieving our vision for the future. I believe it will be a valuable tool for generating ideas and fostering collaboration within our industry for many years.

I recognize that technology is not a quick fix. I also know Suncor cannot drive change in isolation. Change will require the energies of many. But with that change, we will gain a greater appreciation of the power of technology to build our businesses and transform our lives.

HOW ARE WE DOING?

Before we can take the next steps in our sustainability journey, we need to revisit the commitments we made in our 2003 Report on Sustainability. Here is an overview of our progress:

Create a Safety Culture

Employees and contractors have embraced our drive to make safety the foremost measure of operational excellence at Suncor. However, the satisfaction we felt with reduced injuries on our worksites was overshadowed by two workplace tragedies – the deaths of Sarnia refinery worker Trevor Daye in 2003 and Nabors Drilling employee Bryan Gaudet in 2005. Suncor launched thorough investigations into both incidents and introduced aggressive new safety measures and leadership accountabilities to ensure the lessons we learned are never forgotten.

"One of the keys to achieving our vision is to think broadly about what technology can do for us. At its most direct level, technology connects to our business strategy by helping to increase Suncor's energy production while reducing our air emissions, land disturbance and water use."

Those tragedies remind us that safety at Suncor is a core value and a shared responsibility. We are more determined than ever to eliminate workplace injuries and we are seeing a new culture of individual awareness, leadership and accountability take hold across our company.

Aggressively Reduce Greenhouse Gas Emission Intensity

Suncor has voluntarily reduced greenhouse gas emission intensity (emissions per unit of production) by approximately 32% since 1990, although total emissions increased due to significant production growth. Many of the reductions came through the application of new technologies such as hydrotransport, cogeneration and waste heat capture. Currently, we are also investing in carbon capture technology research to further reduce greenhouse gas emissions.

Enhance Land and Water Management

Suncor is finding new ways to use water and land wisely. Technologies such as in-situ extraction allow us to reduce the environmental intensity of our operations even as we produce more oil. Reclamation efforts also moved forward and we remain on track to reclaim our first

tailings pond by 2010. Last year, we planted the three millionth tree at our oil sands facility – the culmination of 30 years of detailed on-the-ground work to carefully reclaim the land we use.

Develop Suncor's Renewable Energy Business

In 2004, Suncor and our partners opened the 30-megawatt Magrath Wind Power Project in southern Alberta. We set the stage for future wind projects by optioning land, working with stakeholders and studying wind resources in several locations. We also received regulatory approval to build an ethanol plant in Sarnia that will help us meet consumer demand for cleaner burning renewable fuels.

Make Suncor a Great Place to Work

Suncor's workforce grew by nearly 1,200 employees during the past two years. But just as important as the number of jobs created is the quality of those jobs. Employment at Suncor means personal challenge, competitive rewards and being part of a culture in which employees are encouraged to share ideas to help improve our business.

Employees began to reap the rewards of their contributions to Suncor's success when we reached the first two performance milestones under SunShare, a long-term performance-based stock option program that aims to make every employee an owner of the company.

Improve the Well-being of Communities

Suncor has stepped up efforts to contribute to the social and economic well being of communities where we operate. Much of the \$13.9 million we invested in charitable and non-profit groups in the last two years went to groups such as the Northern Lights Regional Health Foundation, which aim to build capacity in communities and deliver long-term social benefits. Community support also includes the many hours of volunteer work performed by Suncor employees and our efforts to address community issues such as constrained infrastructure in the oil sands region.

OUR JOURNEY FORWARD

With an ambitious growth plan before us, we need an equally comprehensive road map to guide us on the next stages of our journey. During the next two years, Suncor employees will work toward these milestones:

Pursue Zero Injuries

Safety is and always will be a core value at Suncor. We will continue our pursuit of a zero-injury workplace, supported by employee and contractor engagement and new tools that help track safety incidents. Those tools will include an increased capacity to identify and address risk factors early, with the goal of improving incident prevention.

Reduce our Environmental Footprint

We will pursue strategies to reduce Suncor's environmental footprint by lowering greenhouse gas emission intensity and extending our water and land management programs. In the next two years, plans for air, land and water management will bring a new level of detail, measurement and accountability to our efforts.

Generate Prosperity and Opportunity

We will strive to continue to create economic prosperity and opportunity in our communities. With our commitment to invest 1% of pretax profit to charities and non-profit groups, our community investments will grow in step with our business to deliver long-term benefits.

Address Issues Related to Growth

As we continue to share the benefits of our business growth, we intend to work closely with government, industry and community partners to help address the challenges that growth creates – issues such as resolving infrastructure constraints in the oil sands region.

Recruit and Retain Employees

We will expand our efforts to harness the talent and creativity of our employees while putting in place concrete plans to address the recruitment challenges that lie ahead. As our workforce grows, we will continue to strive to make Suncor a leader in progressive employment practices.

Invest in Technology

We will look for ways to enhance the sustainability of our current and future operations through innovation and technology. Our plans include developing a new wind farm every 12 to 18 months and commissioning a new ethanol plant in 2006.

ENERGY FOR THE FUTURE

I believe these steps will take us closer to the kind of energy future we at Suncor envision – a thriving oil sands industry that fuels economic growth but is firmly grounded in social responsibility and environmental excellence.

History tells us it won't be an easy journey. It will require courage, collaboration and creativity. It will demand that we once again harness the spirit and ingenuity of Suncor's talented employees and the knowledge and vision of our stakeholders. And it will mean that we must push the boundaries of innovation and technology.

Make no mistake, this will be a journey of many steps – and even the occasional misstep – but I have no doubt the destination will be worth the effort.



Rick George
President and Chief Executive Officer
Suncor Energy Inc.
May 31, 2005

RESPONSIBLE GROWTH

Suncor is pursuing a path of steady growth as we continue to develop our crude oil resources. We plan to invest approximately \$2.5 billion each year - largely in technology - to help achieve our growth plan. As Suncor grows, we strive to responsibly generate economic benefits for individuals and communities through job creation, spending on goods and services and securing energy supplies.

Expanding Oil Sands

Project Voyageur is the centrepiece of Suncor's growth strategy. This is a multi-phase plan to increase oil sands production to more than a half million barrels per day by 2010 to 2012 – a 120% increase over 2004 production. Voyageur is expected to create thousands of jobs during construction, hundreds of new employment opportunities and generate additional benefits for the local, provincial, national and North American economies.

As part of Project Voyageur, Suncor submitted a regulatory application in March 2005, focused on construction of a third upgrader. We are looking to technology to reduce both the costs and environmental impacts of this next growth phase. Suncor is also seeking approval to build a gasifier to convert petroleum coke, an oil sands byproduct, into a synthetic gas that could reduce Suncor's demand for natural gas.

Suncor's growth strategy also includes a strong emphasis on in-situ oil sands production technology. This technology leaves a smaller footprint on the land and provides access to reserves that are not economically recoverable through conventional oil sands mining.

As we consult with stakeholders and seek regulatory approvals for each phase of our growth plan, Suncor will continue to assess the many different options that minimize negative environmental and socio-economic impacts while providing the best possible return to shareholders. We are also committed to ensuring our stakeholders, especially our neighbours in the Wood Buffalo region, continue to benefit from oil sands development.



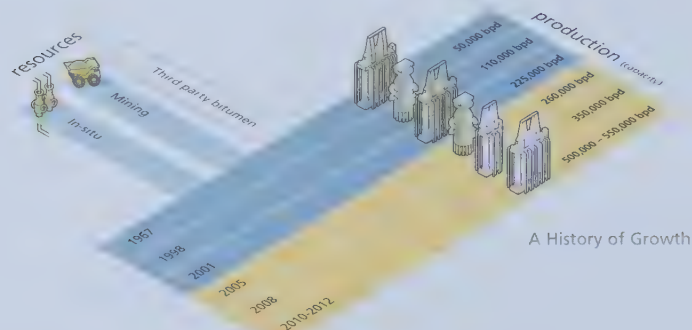
NEW INDUSTRY ON THE HORIZON?

ONE OF SUNCOR'S LARGEST COSTS IS NATURAL GAS USED AS FUEL FOR OUR OIL SANDS OPERATIONS. HOWEVER, THE GROWING DEMANDS FOR NATURAL GAS BY SUNCOR AND OTHER OIL SANDS OPERATORS COULD ONE DAY BE REDUCED IF GASIFICATION TECHNOLOGY IS ADAPTED SUCCESSFULLY.

AS PART OF PROJECT VOYAGEUR, SUNCOR IS ADVANCING PLANS TO BUILD A PETROLEUM COKE GASIFIER AT OUR OIL SANDS PLANT. THE GASIFIER CONVERTS A PETROLEUM COKE FEEDSTOCK – A BYPRODUCT OF OIL SANDS UPGRADING – INTO A SYNTHETIC GAS THAT COULD BE USED TO SUPPLY HIGH-PURITY HYDROGEN AND FUEL PARTS OF OUR OPERATION.

AS WE CONTINUE TO EXPLORE GASIFICATION TECHNOLOGY, SUNCOR IS ALSO LOOKING AT CARBON DIOXIDE REDUCTION OPTIONS SUCH AS CARBON CAPTURE AND SEQUESTRATION (SEE PAGE 37). COMBINING THESE TECHNOLOGIES WOULD ALLOW SUNCOR TO PUT TWO WASTE PRODUCTS TO GOOD USE: PETROLEUM COKE TO OFFSET NATURAL GAS CONSUMPTION AND CARBON DIOXIDE INJECTED INTO MATURE OIL FIELDS TO ENHANCE RECOVERY.

THE CAPITAL COSTS OF GASIFICATION TECHNOLOGY ARE HIGH AND THERE ARE MANY RELATED TECHNOLOGICAL, ENVIRONMENTAL AND INFRASTRUCTURE CHALLENGES. HOWEVER, THE OPPORTUNITY IS CLEAR: A NEW INDUSTRY THAT COULD PROVIDE VALUABLE PRODUCTS BUILT ON AN INCREASED USE OF PETROLEUM COKE AS A VALUABLE RESOURCE.



A History of Growth



Production

Oil Sands Production (boe/day)* 2000 2001 2002 2003 2004
 113.9 123.2 205.8 216.6 226.6
 Natural Gas Production (boe/day)* 2000 2001 2002 2003 2004
 40.5 33.4 33.7 34.9 36.8

Expanding Downstream

Downstream integration is a key component of Suncor's strategy to build stable, long-term access to North American markets for our growing oil sands production. In August 2003, Suncor completed a US\$150-million acquisition from ConocoPhillips – a deal which included a refinery in Commerce City, Colorado, 43 retail stations under the Phillips 66 brand and pipeline assets in Colorado and Wyoming.

Less than a year after the acquisition, Suncor announced plans to upgrade and modify the refinery. This US\$300-million investment in new equipment and processes will help Suncor meet U.S. clean fuels requirements and enable the refinery to accommodate

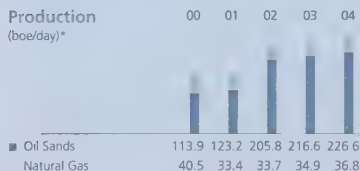
sour crude blends from our oil sands facility. The project is expected to provide 600 jobs at peak construction and generate more than US\$200 million in local and regional spending.

Also in 2004, Suncor embarked on an \$800-million project to expand and upgrade our Sarnia refinery. This infusion of new technology will enable the refinery to meet federal regulations for low sulphur diesel and expand the refinery's capacity to process sour crude blends from our oil sands facility. This investment is also expected to result in significant long-term economic spinoffs for the Sarnia-Lambton community by creating work for operating staff, local contractors and tradespeople.

Growing Natural Gas Production

By producing more natural gas than we purchase, Suncor's natural gas business provides a "price hedge" against natural gas consumption at our oil sands and refining facilities. As oil sands production grows, Suncor aims to increase natural gas production by about 3% to 5% per year. Improved technologies, such as horizontal drilling, allow Suncor to minimize our environmental footprint as we expand into more challenging areas such as the Rocky Mountain Foothills.

Production
(boe/day)*



* Barrels of oil equivalent (boe) may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet (mcf) of natural gas : one barrel of crude oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Refined Products*
(toe/day)



* Includes our Commerce City refinery beginning in August 2003

RENEWABLE ENERGY

To help become a sustainable energy company, Suncor is pursuing parallel paths to resource development. That means continuing to meet current energy demand through responsible oil sands development while investing in renewable energy sources such as wind and ethanol for tomorrow.

Harvesting the Wind

Suncor believes wind energy development is good for the environment and good for business. We launched our renewable energy business in 2000 with a strategy to develop renewable energy sources that have minimal impact on the environment and are expected, over time, to evolve into a viable and profitable energy business.

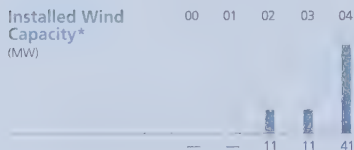
Suncor, with partners EHN Wind Power Canada Inc. and a subsidiary of Enbridge Inc., officially opened the Magrath Wind Power Project in southern Alberta in September 2004. Magrath's 20 turbines can generate

30 megawatts of clean electricity – enough to power about 13,000 homes. The electricity goes directly into the Alberta power grid and offsets the equivalent of approximately 82,000 tonnes of carbon dioxide per year.

The SunBridge Wind Power Project near Gull Lake, Saskatchewan, a partnership between Suncor and Enbridge, was commissioned in 2002 and is Suncor's first renewable energy project. It generates enough electricity to offset an estimated 33,000 tonnes of carbon dioxide per year. That's about the same as taking 5,000 vehicles off the road.

While the environmental benefits of wind power are proven, it is an emerging industry and market conditions in Canada are still evolving. However, with strong community support and effective partnerships with provincial and federal governments to ensure supportive public policy, Suncor is confident Canada will reap both the environmental and business benefits of wind.

Installed Wind Capacity* (MW)



* Production capacity at wind farms in which Suncor is a partner.



SUNCOR'S ETHANOL-BLENDED GASOLINES ARE CERTIFIED WITH ENVIRONMENT CANADA'S ECOLOGO DESIGNATION



TURNING CORN INTO CLEANER BURNING FUEL

As a company committed to sustainable growth, Suncor is investing in renewable energy sources that have minimal impact on the environment and are expected, over time, to evolve into a viable and profitable energy business. Suncor, with partners EHN Wind Power Canada Inc. and a subsidiary of Enbridge Inc., officially opened the Magrath Wind Power Project in southern Alberta in September 2004. Magrath's 20 turbines can generate 30 megawatts of clean electricity – enough to power about 13,000 homes. The electricity goes directly into the Alberta power grid and offsets the equivalent of approximately 82,000 tonnes of carbon dioxide per year. The SunBridge Wind Power Project near Gull Lake, Saskatchewan, a partnership between Suncor and Enbridge, was commissioned in 2002 and is Suncor's first renewable energy project. It generates enough electricity to offset an estimated 33,000 tonnes of carbon dioxide per year. That's about the same as taking 5,000 vehicles off the road. While the environmental benefits of wind power are proven, it is an emerging industry and market conditions in Canada are still evolving. However, with strong community support and effective partnerships with provincial and federal governments to ensure supportive public policy, Suncor is confident Canada will reap both the environmental and business benefits of wind.



Did you know? *Some of the environmental impacts from wind turbines are electricity generation are associated with wind power. There are no emissions or effluents from wind turbines and the only concern affected in this area is the noise of some turbines and the visual impact for some areas.*

Wind power is the fastest growing source of electricity in the world. It is efficient, good for the environment, and infinitely renewable.

New Currents in Wind Technology

One wind turbine can produce enough electricity for hundreds of homes; a wind "farm", as clusters of turbines are known, can power thousands of homes and businesses. These benefits have led Suncor to invest in wind power.

Although recent improvements in wind technology have reduced noise concerns, Suncor continues to work with acoustical consultants to ensure we meet or exceed the regulatory guidelines for noise.

As with many industrial or commercial developments, opinions vary about the visual impact of wind turbines. Suncor aims to minimize the visual impact of our wind farms through good site design and the smart use of technology. For instance, by installing larger turbines that produce more power, fewer towers are needed on the ground.

But sometimes the most persuasive case for more wind farms comes from those who live nearby. Norris Tomlinson, a long-time resident of the Magrath area, has a 64-metre turbine in his grain field.

"The process of putting up the turbine wasn't disruptive and there are no real negative effects," says Norris.

"A few people have said they ruin the landscape, but most of us think of the towers as nothing more than a replacement for the grain elevators that used to be silhouetted against the sky and mountains."

In addition to studying the visual and acoustical effects of our wind projects, we are also working to understand their environmental impacts. Suncor has participated in a study of migratory bird patterns near our wind farms (see page 45).

VISION AND STRATEGY

To Suncor, being a sustainable energy company means managing our business in a way that enhances social and economic impacts to society while striving to minimize and mitigate environmental effects associated with resource development.

Suncor adopted this vision of sustainable development in 1992 and began to integrate it into our long-term business strategy. Our efforts to integrate social, economic and environmental decision-making into our business have forced us to think broadly and long term. This helps us reduce and manage risk while building the rewards of our business – for Suncor and our stakeholders.

Putting Suncor's Vision to Work

Suncor's vision can only be effective if we take real and measurable action. At Suncor, we use a six-part sustainability strategy to guide us:

01 Operational excellence We aim to be the best at what we do. We strive to outperform the competition and be a global leader in responsible energy development.

02 Products and services We aim to reduce the environmental impacts of our products and services at a pace consistent with consumer demands, technological advancements and commercial viability.

03 Integrated decision-making We continue to identify, evaluate and implement tools and practices that help incorporate environmental and social aspects more fully into our business decisions.

04 Public policy, education and awareness Suncor works extensively with government officials and other stakeholders to encourage the evolution of public policy that supports sustainable development.

05 Organizational capabilities and commitment Suncor continues to develop a workplace and culture that enables us to recruit, retain and develop the employees who will achieve sustainable growth.

06 Stakeholder relations Information sharing, consultation and collaboration guide Suncor's journey toward sustainability. We strive to build long-term relationships that benefit both Suncor and our stakeholders.



MAKING THE GRADE AT HARVARD

THE WAYS IN WHICH SUNCOR INTEGRATED RESPONSIBLE DEVELOPMENT INTO OUR BUSINESS BECAME THE FEATURED INDUSTRIAL CASE STUDY IN AN ADVANCED ENVIRONMENTAL MANAGEMENT COURSE AT HARVARD UNIVERSITY IN 2004

THIS UNIQUE COURSE USED A "LIVE" CASE STUDY METHOD THAT REQUIRED STUDENTS TO EXAMINE SUNCOR'S SUSTAINABILITY EFFORTS. STUDENTS POSTED THEIR ANALYSES OF EACH CASE ON AN ELECTRONIC BULLETIN BOARD AND SUNCOR STAFF MONITORED AND RESPONDED TO THEIR COMMENTS

A Strategic Framework for a Sustainable Energy Company



CORPORATE GOVERNANCE

Before we can take a new step on our sustainability journey, we must earn the trust and confidence of our stakeholders – and we must work hard to maintain that trust. Suncor's governance practices help us conduct our business with integrity and report our progress transparently.

Suncor's Board of Directors is the cornerstone of our company's governance system. Their fundamental duty is to oversee the management of Suncor's business and affairs on behalf of the company's shareholders. One of the Board's responsibilities is to annually identify the risks inherent in our business and ensure we have effective ways of monitoring and managing them.

For more information on Suncor's Board of Directors see page 82.

Driving Continual Improvement

Suncor continually enhances our governance practices based on reviews of industry best practice and feedback from stakeholders, securities regulators and other external parties. Some recent developments highlight our commitment to improvement:

High-quality disclosure Suncor is committed to providing investors with high-quality and timely disclosure. Following the introduction of the Sarbanes-Oxley Act in the United States in 2002, Suncor reviewed and redesigned some processes related to internal financial reporting and disclosure. Suncor became one of the first Canadian companies to voluntarily meet the requirements of Section 404 of the Sarbanes-Oxley Act.

Peer comparisons Suncor's corporate governance efforts were assessed and recognized by external groups in 2004. Governance Metrics International (GMI), the corporate governance research and ratings agency, gave Suncor a 9.5 out of 10 ranking. GMI rated 2,100 global companies according to six broad categories, including board accountability, financial disclosure and executive compensation.

The Globe and Mail newspaper placed Suncor in the top tier – 13th out of 270 of Canada's largest companies – in its 2004 survey of corporate governance practices. The rankings were based on board composition, compensation, shareholder rights and disclosure practices.

A detailed overview of Suncor's corporate governance practices can be found in our 2005 Management Proxy Circular at www.suncor.com.

Sustainability Governance at Suncor



Suncor takes pride in having an efficient and accountable working environment. The employees who implement our sustainability initiatives – environment, health, safety (EH&S) and community relations – have direct access to senior management and our Board of Directors.

ENSURING ETHICAL BEHAVIOUR

IN 2003, SUNCOR LAUNCHED ITS INTEGRITY HOTLINE. THIS CONFIDENTIAL 24-HOUR PHONE LINE IS A PRIVATE WAY FOR EMPLOYEES AND CONTRACTORS TO RAISE CONCERNS ABOUT WORKPLACE PROBLEMS, MANAGEMENT PRACTICES OR STANDARDS OF CONDUCT – ANYWHERE IN THE ORGANIZATION. SUNCOR'S INTERNAL AUDIT DEPARTMENT INVESTIGATES ALL CALLS, TAKES ACTION WHERE REQUIRED AND REPORTS THE OUTCOMES TO THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS.

POLICIES AND MANAGEMENT SYSTEMS

Suncor's policies and management systems chart our sustainability course. By defining the rules by which we conduct our business, they ensure our actions are consistent with our Core Purpose and Values and Beliefs.

As our company's growth continues, Suncor's policies, processes and management systems must keep pace with our new business needs. Some of our evolving management tools and systems include:

Project Cornerstone

Suncor launched Project Cornerstone in 2003 to improve the way work gets done across the company. The project goals are greater efficiency, better access to information and savings from reduced duplication. The initiative touches nearly every part of Suncor's business and involves a significant investment in new work processes, new technologies and training.

Cornerstone provides tools and processes that integrate triple bottom line decision-making into our business through life cycle assessment, greening our supply chain and improving how we manage change. When completed in 2006, it is expected to enhance our ability to monitor and effectively report our sustainability performance.

Life Cycle Value Assessment

Suncor uses life cycle thinking, including a formal Life Cycle Value Assessment (LCVA) tool, to help evaluate the impact of a project's design, construction and operation. LCVA covers everything from the manufacture of materials by third-party vendors to waste disposal and reclamation.

Major Projects engineers are trained in LCVA through a partnership with the non-profit Pembina Institute for Appropriate Development. The analysis and information Suncor gathers with this tool helps us make smart, responsible business decisions. This results in more sustainable project designs and operations that take into account long-term triple bottom line benefits and impacts, not just short-term paybacks.

Policies to Work By

Suncor's sustainability practices are driven by a number of policies, standards and guidelines. These range from our Standards of Business Conduct to our policies on Stakeholder Relations, Aboriginal Affairs and Environment, Health and Safety.

Each year, under our Standards of Business Conduct compliance program, all Suncor employees and contract workers must read the company's business conduct policies and acknowledge they have complied with those policies during the preceding calendar year.

Suncor's management periodically reviews our policies so they remain aligned with our vision and our stakeholders' expectations. Since the last Report on Sustainability, we have revised Suncor's Environment, Health and Safety and Aboriginal Affairs policies. See pages 82 to 85 for additional Suncor policies and systems that relate to sustainability and the Global Reporting Initiative Sustainability Guidelines. For copies of Suncor's Standards of Business Conduct policies, visit www.suncor.com.

CORE PURPOSE AND VALUES

TWO DOCUMENTS FORM THE FOUNDATION FOR ALL THAT SUNCOR'S EMPLOYEES DO. SUNCOR'S CORE PURPOSE SETS A HIGH BAR FOR OUR EMPLOYEES TO ACHIEVE: "SUNCOR IS A UNIQUE AND SUSTAINABLE ENERGY COMPANY DEDICATED TO VIGOROUS GROWTH IN WORLDWIDE MARKETS THROUGH MEETING OR EXCEEDING THE CHANGING EXPECTATIONS OF OUR CURRENT AND FUTURE STAKEHOLDERS."

OUR VALUES AND BELIEFS DOCUMENT DETAILS HOW WE WILL CONDUCT OUR BUSINESS: "TO ACHIEVE OUR VISION, WE PLACE THE HIGHEST VALUE UPON THE FOLLOWING KEY AREAS: HEALTH AND SAFETY, HIGH PERFORMANCE, INVOLVEMENT, RESPONSIBILITY AND ETHICAL LEADERSHIP."



ENVIRONMENT AND SAFETY ARE CORE VALUES

SUNCOR'S ENVIRONMENT, HEALTH AND SAFETY (EH&S) POLICY INCLUDES THE FOLLOWING GUIDING PRINCIPLES

- ALL INCIDENTS CAN BE PREVENTED,
- MANAGEMENT IS ACCOUNTABLE FOR EH&S PERFORMANCE,
- WORKING SAFELY AND IN AN ENVIRONMENTALLY RESPONSIBLE MANNER ARE CONDITIONS OF EMPLOYMENT, AND
- PREVENTING INCIDENTS AND MANAGING OUR ENVIRONMENTAL IMPACTS MAKE FOR GOOD BUSINESS



stepping forward with
our stakeholders

Suncor is stepping forward with our stakeholders to HELP DRIVE THE TECHNOLOGICAL INNOVATION that is expected to contribute to economic growth, vibrant communities and a healthy environment.



How are we doing? Being a sustainable energy company involves being a good employer and neighbour. This page summarizes some key aspects of our social performance, including workplace safety.

Indicators	2000	2003	2004 ¹	Progress since 2000
Lost-time injury frequency rate (per 100,000 hours worked)	1.04	0.80	0.79	
Lost-time injury frequency rate (per 100,000 hours worked)	0.88	0.60	0.50	
Lost-time injury frequency rate (per 100,000 hours worked)	0.88	0.60	0.50	
Lost-time injury frequency rate (per 100,000 hours worked)	0.88	0.60	0.50	
Lost-time injury frequency rate (per 100,000 hours worked)	0.88	0.60	0.50	
Lost-time injury frequency rate (per 100,000 hours worked)	0.88	0.60	0.50	
Lost-time injury frequency rate (per 100,000 hours worked)	0.88	0.60	0.50	
Lost-time injury frequency rate (per 100,000 hours worked)	0.88	0.60	0.50	
Lost-time injury frequency rate (per 100,000 hours worked)	0.88	0.60	0.50	
Lost-time injury frequency rate (per 100,000 hours worked)	0.88	0.60	0.50	

¹ Statistics for 2004 include our U.S. operations.

² While lost-time injury frequency rates have improved since 2000, Suncor sadly reports two fatalities on our worksites. See pages 19 and 20 for more information.



At Suncor, nothing is more important than the health and safety of our employees and contractors

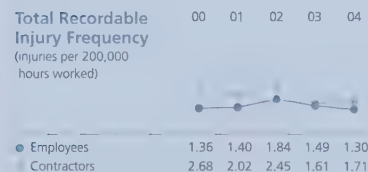


Lost-time Injury Frequency (injuries per 200,000 hours worked)

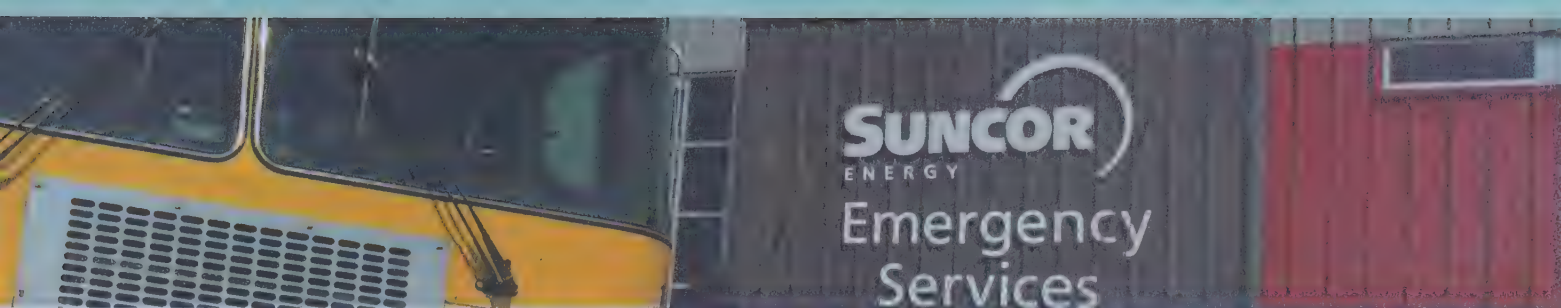


* 2004 data was not available from CAPP and CPPI at time of printing.

Total Recordable Injury Frequency (injuries per 200,000 hours worked)



There are two common statistical measures of safety performance. Lost-time injury frequency measures the number of work-related injuries that result in workers missing their next regularly scheduled work shift per 200,000 hours worked. The second, total recordable injury frequency, measures the number of injuries that require medical treatment, such as stitches, per 200,000 hours worked.



Suncor's Journey to Zero is a company-wide initiative intended to drive a world-class safety culture into every corner of our organization.

Two years after its launch, we believe Journey to Zero is starting to make a difference.

By 2004, total recordable injury frequency among Suncor's employees was at its lowest in eight years and our employee lost-time injury frequency improved significantly from 2003.

Suncor's large contractor community also reduced injuries significantly during the past two years. Major Projects, our first internal team to launch Journey to Zero, included its large contract workforce in its efforts and contractors rose to the challenge. Lost-time injury frequency for contractors fell by more than half since 2002, and total recordable injury frequency for contractors was down by more than 30% in the same period.

While Suncor has made significant strides through Journey to Zero, two tragedies underscore that we are far from where we need to be.

In August 2003, 21-year-old Trevor Daye died in a fire at our Sarnia refinery. One and a half years later, a Nabors Drilling employee, 31-year-old Brian Gaudet, died following an incident at a Suncor natural gas well site in northeastern British Columbia.

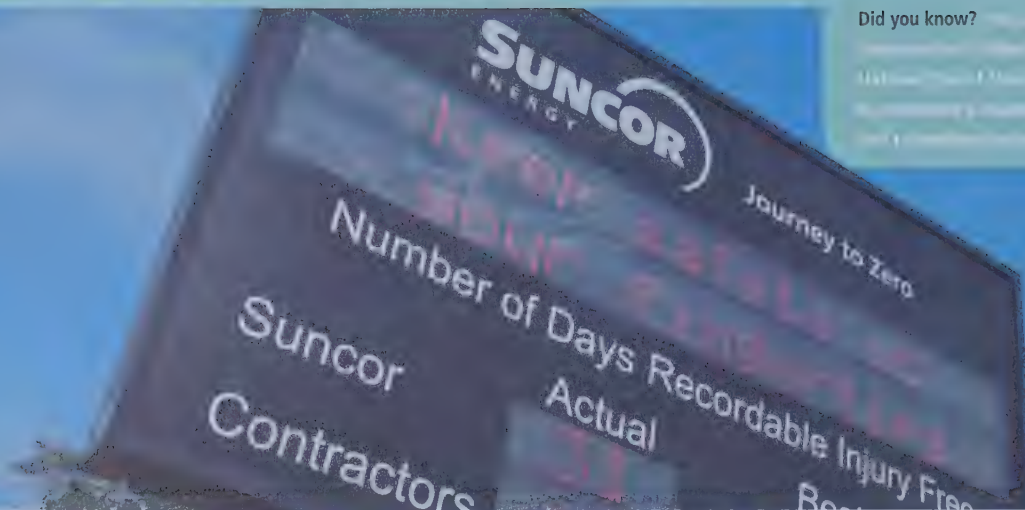
These tragedies deeply affected Suncor employees and we are committed to learning from these events.

REMEMBRANCES

Trevor Daye

Suncor employees were saddened by the death of their colleague, Trevor Daye, following a fire at our Sarnia refinery on August 14, 2003

Two investigations were immediately launched – an internal Suncor investigation and an external investigation by the Ontario Ministry of Labour. Suncor's investigation identified four key steps to improve safety at the refinery: improving hazard and risk training for operators; conducting a hazard and operational review of all units; enhancing the skills of leaders to manage high levels



of safety performance; and intensifying employee engagement in our Journey to Zero process.

The Ontario Ministry of Labour laid two charges following its investigation. Suncor pleaded guilty to one charge – failing to take every precaution reasonable in the circumstances to protect a worker. The charge carried a fine of \$406,250. The second charge was dropped.

Suncor's management and employees want to ensure the lessons learned from Trevor's death are never forgotten. Sarnia employees formed the Trevor Daye Memorial Committee to plan an annual tribute to him.

The Suncor Energy Foundation, along with the Daye family, plans to award an annual memorial scholarship through Lambton College where Trevor was enrolled.

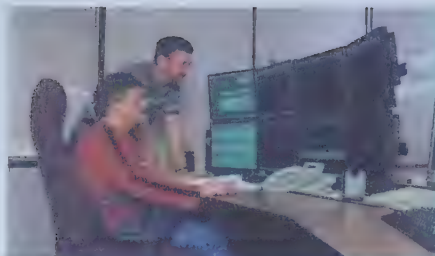
Bryan Gaudet

Nabors Drilling employee Bryan Gaudet died on February 26, 2005, after he was struck by a piece of equipment at a Suncor drilling operation near Tumbler Ridge, British Columbia.

Nabors Drilling, Suncor and the B.C. Workers' Compensation Board immediately launched full investigations. Following our investigation, we

committed to enhance our safety management efforts and work with our contractors to ensure workers are able to safely perform all the tasks required of them.

Bryan's death was an unfortunate and tragic reminder that safety must be everyone's first responsibility. At the natural gas teams' worksites, employees took time for silent reflection on the tragedy and to refocus everyone's efforts on working safely.



RECOGNIZING EXCELLENCE

At Suncor, we recognize and reward employees who demonstrate exceptional performance in health and safety. This recognition is a key part of our commitment to operational excellence. The awards program is designed to highlight the achievements of individuals and teams who have made significant contributions to our safety culture and operational success.

RECOGNIZING OPERATIONAL EXCELLENCE

Suncor president and CEO Rick George launched the President's Operational Excellence Awards in 2003. Initially created to recognize those who demonstrate and inspire excellence in health and safety, Suncor expanded the awards program in 2005 to include recognition for environmental leadership and innovation.

Award recipients in 2004 included employees of Suncor's upgrading team, who were recognized for logging nearly three million hours without a lost-time accident while also safely completing the largest maintenance shutdown in Suncor's history. The following year, the Major Projects group was singled out for comprehensive hazard identification and analysis and continual improvement in building safety into project design. Members of the Closure Planning and Reclamation team at our oil sands facility earned the first Environmental Excellence Award for their part in the land reclamation program. See page 44 for more details.

JOURNEY TO ZERO IN ACTION

Journey to Zero aims to embed a safety culture into every aspect of our business. We want all work processes and systems to be safe and we demand employees and contractors take individual responsibility for safety.

Virtually all employees at our oil sands facility took part in intensive Journey to Zero training sessions in 2004. These sessions were designed to ensure safety values and beliefs are consistently understood and exercised. Results so far are encouraging – lost-time injury rates among employees and contractors at our oil sands site declined by more than half between 2002 and 2004.

DENVER ANNUAL REGULATORY TRAINING

EVERY YEAR, EMPLOYEES OF THE COMMERCE CITY REFINERY ARE REQUIRED TO MEET REGULATORY TRAINING REQUIREMENTS ASSOCIATED WITH WORKING AT THE REFINERY. THE CURRENT TRAINING PROGRAM INVOLVES 12 SESSIONS COVERING A SPECTRUM OF ENVIRONMENT, HEALTH AND SAFETY TOPICS, INCLUDING HANDS-ON FIRE TRAINING, HAZARDOUS WASTE AND EMERGENCY RESPONSE, A DETAILED ENVIRONMENTAL MODULE AND WORKING WITH BULK LIQUID OXYGEN AND HYDROGEN. THE CURRICULUM WAS PRIMARILY DEVELOPED BY REFINERY EMPLOYEES.

PROTECTING PEOPLE AND THE ENVIRONMENT

Protecting people, air, land and water in an industrial environment is a challenge. Suncor is proud of employee efforts to manage environmental risks every day. When major incidents and contraventions do occur, we believe it is vital to be transparent about them, investigate what went wrong and address the causes.

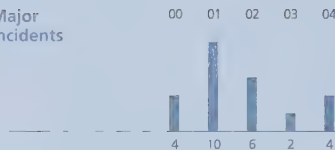
For example, Suncor employees were quick to respond to a leak from our Oil Sands Pipeline on August 25, 2004. Approximately 3,000 barrels of naphtha were released from the pipeline near Wandering River, Alberta. There were no injuries and no waterways were affected.

In co-operation with local landowners, Suncor launched an investigation, took steps to clean the affected area and installed monitoring wells. The most likely cause of the leak was stress corrosion in a section of pipe. After reducing the operating pressure, we assessed the entire pipeline using sophisticated detection tools and undertook a series of repairs and upgrades.

Monitoring Environmental Compliance in Sarnia-Lambton

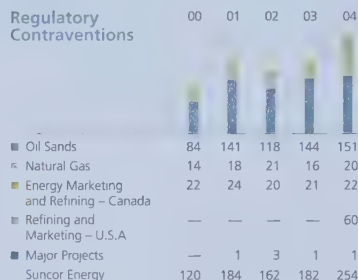
The Ontario government conducted a comprehensive review of environmental compliance of Sarnia-area industries in 2004. As part of that review, the Ontario Ministry of the Environment's Soil, Water and Air Team inspected Suncor's Sarnia refinery and issued one order with six work items relating to waste management, groundwater monitoring practices and Certificates of Approval. Suncor had completed all of the work items by early 2005.

Major Incidents



Major incidents result in fatalities, critical or serious injuries, regulatory enforcement action, or significant adverse impact to the environment.

Regulatory Contraventions



A regulatory contravention is a failure to meet the regulatory requirements of conditions specified in operating approvals, permits, or licences issued by regulatory authorities or environmental, health and safety legislation



READY FOR ANY EMERGENCY

WHEN FIRE STRUCK AT SUNCOR'S OIL SANDS FACILITY ON JANUARY 4, 2005, OUR EMERGENCY RESPONSE TEAM WAS ON THE SCENE IN MINUTES. WORKING CLOSELY WITH OUR OPERATIONS AND MAINTENANCE CREWS, THEY EVACUATED THE SITE AND CONTAINED THE FIRE.

ALTHOUGH A FEW EMPLOYEES WERE TREATED FOR MINOR FROSTBITE, THE EIGHT-HOUR FIRE CAUSED NO LOST-TIME INCIDENTS. THE SAFE RESPONSE WAS ESPECIALLY IMPRESSIVE CONSIDERING THE TOUGH CONDITIONS – IN THE EXTREME COLD, THE THOUSANDS OF LITRES OF WATER POURED ON THE FIRE QUICKLY TURNED INTO NEARLY 2,000 TONNES OF HANGING ICE.

AS IS THE CASE WITH ALL EMERGENCIES, READINESS IS THE KEY TO BEING ABLE TO RESPOND SO QUICKLY AND EFFECTIVELY. SUNCOR'S OPERATING EMPLOYEES UNDERGO EMERGENCY TRAINING AND TAKE PART IN DRILLS AND MOCK EXERCISES THROUGHOUT THE YEAR.

"I AM EXTREMELY PROUD OF THE WAY EMPLOYEES RESPONDED TO THE FIRE," SAYS STEVE WILLIAMS, EXECUTIVE VICE PRESIDENT. "THE FIREFIGHTERS AND OPERATORS SHOWED TREMENDOUS COURAGE AND PERSEVERANCE."

SUNCOR'S INTERNAL INVESTIGATION TEAM DETERMINED A RUPTURED RECYCLE LINE WAS THE MOST LIKELY CAUSE OF THE FIRE. EQUIPMENT DAMAGE REDUCED DAILY OIL SANDS PRODUCTION CAPACITY TO 110,000 BARRELS PER DAY FROM APPROXIMATELY 225,000 BARRELS PER DAY. AT THE TIME OF PUBLICATION, SUNCOR EXPECTED TO RETURN TO FULL PRODUCTION CAPACITY IN SEPTEMBER 2005.

OUR STAKEHOLDERS



Stakeholder Relations

Stakeholder relations is a key element of Suncor's business strategy. We are committed to understanding the needs and expectations of our stakeholders and to working with them to find mutually beneficial solutions to the complex and sometimes controversial issues created by industrial development.

Suncor's stakeholders - those people and communities who have a vested interest in and are affected by our work - are an integral part of our business. By working together, we are more likely to find mutually beneficial solutions to the complex and sometimes controversial issues created by industrial development.

Suncor's Stakeholder Relations Policy guides our work with stakeholders. At its heart is a commitment to collaboration, transparency and respect for all views.

An internal stakeholder relations committee, made up of stakeholder relations practitioners from across the company, meets regularly to share expertise and practices, discuss emerging issues and ensure Suncor's commitment to stakeholder engagement is being met. The committee also develops tools and resources to help employees on the front lines deal more effectively with stakeholders.

Engaging Stakeholders Early

The timely approval of our Steepbank Mine in 1997 highlighted the value Suncor places on early and ongoing stakeholder consultation. In 2004, we formalized this process for engaging stakeholders by incorporating a series of stakeholder relations criteria into our project management system.

All major projects go through a staged approvals process that includes an independent review of budgets, engineering, design specifications and, now, stakeholder relations plans. This helps ensure stakeholder concerns are addressed early in the design and planning stages of a project and throughout development.

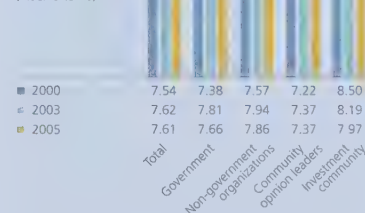
Listening to our Stakeholders

Every two years, Suncor engages an independent survey firm to ask opinion leaders, non-government organizations, government representatives and investors for their candid opinions about a wide range of issues, including how we interact with stakeholders and our commitment to social responsibility.

Our 2005 survey of 176 Canadian and U.S. stakeholders showed Suncor once again received high overall marks for our corporate reputation. The survey also confirmed that government, investors and other stakeholders

continue to raise their expectations for environmental performance and industry leadership in this area. We will use the detailed survey results to review our stakeholder relations practices and help us work more effectively with the people who are affected by our business.

Stakeholder Perceptions
(index 0 to 10)





INNOVATIVE WAYS TO REDUCE IMPACTS

SUNCOR'S NATURAL GAS TEAM IS SUCCESSFULLY COMBINING NEW TECHNOLOGY WITH STAKEHOLDER CO-OPERATION TO DEVELOP NATURAL GAS RESOURCES IN SENSITIVE AREAS

THE MERITS OF THIS APPROACH WERE EVIDENT WHEN WE DRILLED A NEW NATURAL GAS WELL IN THE PANTHER RIVER AREA IN THE FOOTHILLS OF THE ALBERTA ROCKIES. SUNCOR MEETS REGULARLY WITH MEMBERS OF THE PANTHER ADVISORY GROUP TO UPDATE THEM ON OUR ACTIVITIES AND ADDRESS ANY CONCERNS. BASED ON OUR GOOD RELATIONSHIPS AND TRACK RECORD IN THE AREA, THE GROUP SUPPORTED OUR PLANS TO BRING A SECOND DRILLING RIG INTO THE AREA IN 2004.

THE GROUP'S INPUT WILL ALLOW US TO MINIMIZE OUR DISTURBANCE BY SPENDING LESS TIME IN THE AREA. WE ALSO AGREED TO DRILL MULTIPLE WELLS FROM A SINGLE PAD AND REUSE EXISTING INFRASTRUCTURE TO REDUCE THE PROJECT'S ENVIRONMENTAL FOOTPRINT.

SUNCOR'S PIONEERING USE OF A DIAMOND-IMPREGNATED DRILL BIT AND TURBINE ENABLED US TO DRILL 877 METRES IN JUST 280 HOURS – A WORLD RECORD. THAT REDUCED OUR TIME IN THE AREA EVEN FURTHER, WHILE SAVING SUNCOR ABOUT \$700,000 IN DRILLING COSTS.

STAKEHOLDER RELATIONS IN ACTION

Every day, Suncor employees work with stakeholders to understand their concerns and find mutually beneficial solutions to challenges posed by our operations.

Listening to our Neighbours

Our stakeholders often guide us in new and better directions. That was the case when we began to develop plans to build an ethanol plant in Sarnia. Through our discussions with community members, we learned they were concerned about potential odours from the facility. This led Suncor to conduct an in-depth study of the sources of odour in the ethanol production process. With the information we gathered, we were able to incorporate a number of technological solutions into the design of our facility that addressed our neighbours' concerns. Our consultation with the community has enhanced our design and raised the bar we have set for operational excellence.

Working Together for Cleaner Air

In Commerce City, where our refinery is in an industrial area surrounded by homes, residents experience a high level of emissions from passing trucks.

To combat this, Suncor joined with the City of Commerce City and Tri-county Health Department to support a non-profit organization called the Northeast Metro Pollution Prevention Alliance (NEMPPA) that tries to curtail pollution from small- and medium-sized businesses.

NEMPPA administered a testing and repair program for polluting diesel trucks and is developing a Diesel Best Practices Program to educate truckers about reducing emissions.

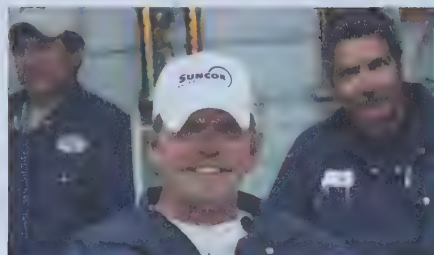
South Tailings Pond and Beyond

Thanks in part to good relationships with impacted stakeholders, Suncor has often received regulatory approval for new projects without going to public hearings – a typical requirement when stakeholder issues cannot be resolved.

In December 2004, for example, the Alberta Energy and Utilities Board (EUB) approved Suncor's application to construct and operate a new tailings pond at our oil sands facility. A tailings pond stores a slurry of water, clay, sand and residual bitumen from production until the solids settle and reclamation can take place. The EUB cited Suncor's proactive approach to stakeholder concerns as the basis for its approval without the need for a public hearing.

This approval was not unique. Previously, Suncor received similar approvals for our in-situ project and the Steepbank Mine without going to hearings.

OUR EMPLOYEES



Our employees are our strength

Our employees are the heart of Suncor. They are the ones who make our business possible. They are the ones who work hard to ensure that we are always providing the best products and services to our customers. They are the ones who are committed to our company's values and mission. They are the ones who are proud to be part of the Suncor team.

Achieving Suncor's business goals can only be realized through the efforts of our employees. They will drive our focus on collaboration and technology to build Suncor's future as a sustainable energy company.

We set ambitious goals for our employees and expect outstanding performance to help us achieve our business goals. In return, we offer a great deal to employees based on:

Rewards We believe a competitive, performance-based compensation package is essential to recruiting and retaining the talented employees that will help us achieve our growth plans. Suncor's compensation programs are among the best in the industry and are designed to meet the needs of a changing, diverse workforce.

Suncor's compensation and benefits include:

- competitive base salaries
- annual cash and long-term share rewards based on business and personal achievements
- two to six weeks of annual vacation, based on years of service
- company-matching savings plan
- pension plan

- comprehensive benefits for employees and their families, including health and dental plans, prescription drug card and a flexible-spending account, as well as life, accident and disability insurance
- employee education assistance
- charitable contributions to recognize employee volunteerism.

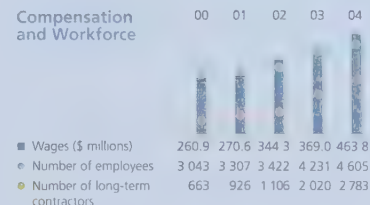
Leadership Strong leadership inspires employees to deliver high performance. Suncor supports a variety of internal and external learning opportunities and is developing an integrated, enterprise-wide leadership development strategy. We also encourage our employees to be leaders in their communities by volunteering their time to charitable groups and other community activities.

Challenging and satisfying work Work should be personally and professionally rewarding, so we offer employees opportunities to develop their skills through in-house training, financial support for continuing education and the opportunity to take on assignments across the company.

Reputation People want to be proud of the place where they work and employment at Suncor comes with a strong reputation for corporate social responsibility, solid values and beliefs and a strategic high-performing organization.

This reputation was recognized by Report on Business magazine, which placed Suncor at the top of the oil and gas sector for two consecutive years in their annual survey of socially responsible companies in Canada. Alberta Venture magazine ranked Suncor first among Alberta companies in a 2005 survey for our progressive human resources practices.

Compensation and Workforce





EMBRACING THE NORTHERN WAY OF LIFE

TWENTY-FIVE VENEZUELAN EMPLOYEES HAVE DISCOVERED THE BENEFITS OF WORKING WITH SUNCOR INCLUDE MORE THAN GREAT JOBS. WE RECRUITED THESE PROCESS ENGINEERS, SCHEDULERS AND PLANNERS IN 2004 AS PART OF AN INNOVATIVE STRATEGY FOR ADDRESSING THE SKILLS SHORTAGE IN THE OIL SANDS REGION. MOST ARE FORMER EMPLOYEES OF VENEZUELA'S STATE-RUN OIL COMPANY, WHO BRING STRONG SKILLS, RELEVANT EXPERIENCE AND AN ENTHUSIASM FOR THEIR NEW COUNTRY.

WORKING WITH KEYANO COLLEGE AND THE REGIONAL MUNICIPALITY, SUNCOR IS HELPING THE NEW FAMILIES FEEL WELCOME AND AT HOME IN THEIR NEW COMMUNITY. KEYANO COLLEGE'S "WE LOVE THE WINTERS" ORIENTATION INTRODUCES NEW OIL SANDS WORKERS FROM BALMY CLIMATES TO SOME HANDY WINTER SURVIVAL TIPS. SOME SIMPLE LESSONS, LIKE HOW TO USE A BLOCK HEATER IN A CAR, WINTER DRIVING TECHNIQUES AND DRESSING TO AVOID FROSTBITE, WILL BE PUT TO GOOD USE IN A REGION WHERE WINTER TEMPERATURES ROUTINELY PLUNGE BELOW -30°C.

PICTURED ABOVE: CESAR MOGOLLON AND HIS CHILDREN NICOLAS AND MONICA AT FORT MCMURRAY'S VISTA RIDGE SKI HILL.

A SHARE IN THE FUTURE

When employees own part of our company and share in its success, they are more satisfied with their jobs and more closely aligned with Suncor's business goals. That's why Suncor introduced SunShare in 2002.

SunShare is a performance-based, long-term incentive plan to reward employees for focusing on the company's goals of doubling shareholder value by 2008 and increasing production to more than 500,000 barrels per day by 2010-2012.

Eligible employees receive stock options that they can keep or convert to shares if and when the company achieves a series of ambitious financial targets. By early 2005, Suncor employees had achieved the first two SunShare milestones when 40% of SunShare options vested. At that time, Suncor employees held approximately 10 million options under SunShare.

Employees are now firmly focused on the next major SunShare milestones – achieving a share price of \$55.30 by 2008 and reaching an average return on capital employed of at least 15% for 2005, 2006 and 2007. Employees are finding innovative ways to take us closer to these long-term goals – by introducing cost-saving measures, developing or implementing innovative technologies, ensuring safety on the job and helping to keep our complex projects on schedule and on budget.

ADDRESSING RECRUITMENT CHALLENGES

Rapid growth in oil sands production and increasing capital investment are creating significant recruitment challenges in Alberta's Wood Buffalo region. With more than \$38 billion in new projects planned for the region during the next five years, oil sands companies are expected to create about 8,000 new permanent jobs in the operations.

Suncor alone expects to hire 2,200 to 2,400 people in the next four to five years, as we create new employment opportunities and fill jobs vacated through attrition. We launched a Strategic Workforce Planning Initiative in 2004 to ensure we attract, retain and deploy the talented people needed to help us achieve our growth plans. Through this program, Suncor is taking a detailed look into the future to determine how many people we will need to hire, with what skills and where. Based on that assessment, we are identifying gaps and developing action plans to fill those gaps.

Some of that work is already under way. For instance, the Suncor Energy Foundation supports a number of training initiatives in Alberta and across Canada to increase the availability of skilled Canadian employees in the future. Many of these programs target youths, women and Aboriginals – groups that have not traditionally been well represented in the skilled trades.



OPPORTUNITIES FOR ABORIGINAL YOUTH

SUNCOR IS WORKING TO EXPAND OUR ABORIGINAL WORKFORCE AT OUR OIL SANDS FACILITY BY SUPPORTING A NUMBER OF INITIATIVES, INCLUDING THE ALBERTA ABORIGINAL APPRENTICESHIP PROJECT (AAAP). THIS PROGRAM, CURRENTLY OPERATING IN FIVE ALBERTA COMMUNITIES, HAS REGISTERED 70 ABORIGINAL APPRENTICES IN 11 DIFFERENT TRADES.

KELSEY JANVIER IS ONE OF OUR VALUED EMPLOYEES WHO HAS BENEFITED DIRECTLY FROM THE AAAP. SUNCOR, IN TURN, HAS BENEFITED TREMENDOUSLY FROM HIS SKILLS AND DEDICATED PARTICIPATION WITH ABORIGINAL YOUTH.

KELSEY GREW UP IN THE SMALL COMMUNITY OF JANVIER, ABOUT 100 KILOMETRES SOUTH OF FORT MCMURRAY. AFTER WORKING FOR A FEW YEARS FOLLOWING HIGH SCHOOL, HE JOINED SUNCOR AS AN APPRENTICE CARPENTER. THEN BECAME INVOLVED WITH THE AAAP EACH YEAR FOR FOUR YEARS, HE STUDIED FOR TWO MONTHS AND WORKED FOR 10. KELSEY IS NOW ONE OF SUNCOR'S JOURNEYMAN CARPENTERS.

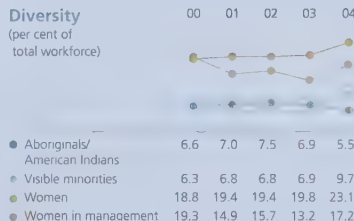
"WORKING WITH SUNCOR HAS MADE A TREMENDOUS DIFFERENCE TO THE KIND OF LIFE I AM ABLE TO PROVIDE FOR MY WIFE AND YOUNG DAUGHTER," SAYS KELSEY. "NOW I DO WHATEVER I CAN TO ENCOURAGE OTHER ABORIGINAL YOUNG PEOPLE TO IMPROVE THEIR LIVES BY OBTAINING MORE EDUCATION AND TRAINING."

BUILDING A DIVERSE WORKPLACE

We continue to remove barriers and provide training to increase Suncor's employment of Aboriginals, women, visible minorities and persons with disabilities. Our employment of women rose more than 22% in the past five years, while our visible minority workforce increased more than 53% during the same time period.

Our percentage of Aboriginal employees company-wide fell to 5.5% in 2004, a decrease of 16.6%. At our oil sands facility, Suncor is taking steps to increase hiring from neighbouring Aboriginal communities to better reflect local demographics. Aboriginal employees are well represented in front-line jobs and we are now working to increase their representation in technical and professional roles through university recruiting, increasing our Aboriginal summer and co-op student workforce and by employing a full-time diversity recruitment specialist.

Diversity
(per cent of total workforce)



WHAT OUR EMPLOYEES THINK OF SUNCOR

Suncor surveys our employees every two years to get their views on everything from job satisfaction to corporate leadership. Their feedback helps us improve our work culture and programs.

The employee survey, conducted by an independent research company in April 2004, captured the views of more than 70% of our employees. The survey showed our employees' energy and commitment to the company increased by 6% over 2002, to 57%, but we still have room to improve. We are focusing on four key areas – recognition, resources, leadership and career opportunities. Each Suncor business is using the survey results to develop specific action plans to help make Suncor the kind of place where everyone wants to do their best work.

Employee Turnover
(per cent)



Employee turnover is the percentage of employees who leave the workforce under any circumstance in a year. Suncor's employee turnover has risen in the last year, in part due to high retirement rates and a hot resource economy.

ABORIGINAL RELATIONS

Many of Suncor's operations are close to Aboriginal communities and we believe our collaboration with them leads to better plans, better decisions and better outcomes for everyone.

In 1997, Suncor became one of the first energy companies to develop an Aboriginal Affairs Policy. Since then, we have updated our policy and practices to strengthen our commitment to working fairly and effectively with Aboriginal stakeholders.

Suncor's Aboriginal policy recognizes the unique position of Aboriginal people as the original inhabitants of the land on which we operate and articulates our respect for Aboriginal languages, customs and cultural institutions. Suncor strives to ensure Aboriginal people who are affected by our operations have input on development decisions and share in the benefits of our growth.

The policy requires each of Suncor's businesses to develop a strategic plan that includes goals, initiatives and measurable outcomes in areas such as employment, business development, consultation and internal education.

RELATIONSHIPS AND FORMAL AGREEMENTS

While we recognize each First Nation has a unique identity and individual goals, Suncor has helped develop longer term, wide-reaching agreements that led to streamlined processes for both our company and First Nations.

Athabasca Tribal Council's All Parties Core Agreement

In January 2003, Suncor and 14 other companies signed an agreement with the Athabasca Tribal Council (ATC) and three levels of government to standardize engagement, identify issues and provide a forum for working together. The Athabasca Tribal Council, established in 1988, represents five First Nations from the Wood Buffalo region. Since signing the agreement, these First Nations have developed Industry Relations Corporations, which help them consult more effectively with industry and address related issues.

The Aboriginal Skills to Employment Program is one of the early successes to come out of the ATC All Parties Core Agreement. Suncor worked with the Athabasca Tribal Council to secure federal government funding for Aboriginal training at Keyano College in Fort McMurray. The program's goal is to provide life skills and career training, and secure jobs for at least 100 Aboriginal participants by 2008.

Working Toward a Better Way

Near our Sarnia refinery, we are working with the Aamjiwnaang and Walpole Island First Nations to bring a more structured and long-term view to our relationships. As part of the roll-out of our revised Aboriginal policy, Suncor and our First Nation neighbours are identifying new opportunities to work together, in areas such as economic development, environmental stewardship and social and cultural activities.



THE RIGHT SKILLS FOR THE JOB

SUNCOR ALWAYS PREFERS TO HIRE LOCALLY, BUT SOMETIMES THERE AREN'T ENOUGH LOCAL PEOPLE WITH THE TRAINING AND SKILLS WE NEED. WHEN WE FOUND THAT TO BE THE CASE AT OUR NATURAL GAS OPERATIONS IN ALBERTA NEAR GRANDE PRAIRIE, HINTON AND EDSON, WE COLLABORATED WITH REGIONAL ABORIGINAL COMMUNITIES AND LOCAL COMPANIES TO RECRUIT AND TRAIN THE KIND OF WORKFORCE WE REQUIRE.

WORKING CLOSELY WITH NORTHERN LAKES COLLEGE, SUNCOR AND SEVEN OTHER REGIONAL EMPLOYERS BROUGHT A PRACTICAL 10-MONTH PROGRAM CALLED PETROLEUM EMPLOYMENT TRAINING TO THE HINTON AREA. IT INTRODUCED 19 STUDENTS TO THE BASICS OF EMPLOYMENT IN THE OIL AND GAS SECTOR, INSTRUCTED THEM IN SAFETY PROCEDURES SUCH AS FIRST AID AND DEFENSIVE DRIVING, UPGRADED THEIR ACADEMIC SKILLS, AND GAVE THEM SIX WEEKS OF ON-THE-JOB EXPERIENCE.

BONNIE MACPHERSON, A SUNCOR ABORIGINAL AFFAIRS SPECIALIST, WAS INVOLVED IN THIS PROGRAM FROM THE BEGINNING. "AT SUNCOR, WE SEE THE PETROLEUM EMPLOYMENT TRAINING INITIATIVE AS A GREAT EXAMPLE OF HOW TO BUILD CAPACITY IN COMMUNITIES SO THAT LOCAL PEOPLE CAN EVENTUALLY FILL AVAILABLE JOBS," SAYS BONNIE.

COMMUNITY INVESTMENT

Suncor is committed to improving the quality of life in the communities where our employees live and work by supporting partnerships that build capacity and promote community growth.

As an Imagine Caring Company, Suncor invests 1% of average domestic pre-tax profits in charitable and non-profit initiatives. As a result of this pledge and Suncor's growth, our annual charitable giving has more than doubled over the past five years.

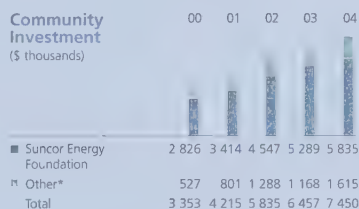
In 2003 and 2004, we invested approximately \$13.9 million in charitable and non-profit groups. Most of that money was distributed through the Suncor Energy Foundation, a private charitable foundation solely funded by Suncor to manage donations to registered Canadian charities.

The Foundation's giving is focused on three main areas: education, the environment and communities. Within these areas, Suncor looks to fund capacity-building programs as a way to help build healthy, vibrant and sustainable communities. These initiatives ranged from funding for environmental education programs to a five-year \$1-million commitment to Wood Buffalo's Northern Lights Regional Health Foundation.

The Suncor Energy Foundation's spending over the past two years also included \$359,000 in Community Service Grants to support employee volunteer endeavours and \$26,287 in matching grants to Canadian universities and colleges on behalf of employees and retirees.

Suncor invested a further \$2.1 million in cash and in-kind outside of the Foundation's mandate.

Suncor has also begun to expand our charitable reach into the U.S. As a private Canadian foundation, the Suncor Energy Foundation cannot make gifts directly into the United States. However, a community investment committee made up of U.S. employees has developed and implemented a U.S. donations program with a strategy similar to that of the Foundation.



* Includes in-kind donations and community investment activities outside the Suncor Energy Foundation



BUILDING VIRTUAL CLASSROOMS ON THE WORLDWIDE WEB

TECHNOLOGY CAN BE A POWERFUL TEACHING TOOL, WHICH IS WHY THE SUNCOR ENERGY FOUNDATION SUPPORTS A NUMBER OF ONLINE EDUCATION INITIATIVES IN OUR COMMUNITIES

WEB TECHNOLOGY IS RELATIVELY ACCESSIBLE, COST EFFECTIVE AND EASY TO USE. IT CAN ALSO BRING TOGETHER PEOPLE FROM DIFFERENT CITIES AND REGIONS INTO A VIRTUAL CLASSROOM. DISTANCE IS NO LONGER A BARRIER TO LEARNING.

FOR EXAMPLE, SUNCOR SUPPORTS THE SUNCHILD E-LEARNING COMMUNITY, A PIONEERING ONLINE DISTANCE EDUCATION PROGRAM FOR ABORIGINAL STUDENTS IN REMOTE ALBERTA COMMUNITIES. OTHER ONLINE INITIATIVES SUPPORTED BY THE FOUNDATION INCLUDE THE NETWORK FOR ENVIRONMENTAL EDUCATION, DEVELOPED BY THE CANADIAN PARKS AND WILDERNESS SOCIETY, AND GREENLEARNING CA ALBERTA, CREATED BY THE NON-PROFIT PEMBINA INSTITUTE FOR APPROPRIATE DEVELOPMENT.

**my dad can
snowshoe
faster than
your dad can**

we love the winters here

Suncor: Proud sponsor of the 2004 Arctic Winter Games



2004 Arctic Winter Games

The Arctic Winter Games are the largest multi-sport event in the Arctic region. Suncor was a proud sponsor of the 2004 Arctic Winter Games, which took place in Fort McMurray, Alberta. The games brought together hundreds of participants from northern nations to participate in unique competitions, such as dog mushing and snowshoeing.

Celebrating the Northern Way of Life

Suncor was a major sponsor of the 2004 Arctic Winter Games in Fort McMurray, contributing more than \$280,000 in cash and in-kind support. Every four years, these international games bring together hundreds of participants from northern nations to participate in unique competitions, such as dog mushing and snowshoeing.

Our support went beyond providing financial assistance. We launched our “We love the winters here” advertising campaign in Fort McMurray to promote and celebrate the games. Fort McMurray employees embraced the spirit of the two-week event, contributing more than 6,000 hours of volunteer time to help make it a success. To recognize employees’ efforts, the Suncor Energy Foundation donated an additional \$45,000 to three Fort McMurray organizations chosen by the volunteers.

Suncor Employees Help Tsunami Victims

When North Americans reached out to help victims of the December 2004 Asian tsunami tragedy, Suncor donors were front and centre. Approximately 540 employees, retirees and other donors gave more than \$138,000 to organizations such as the Canadian and American Red Cross, World Vision and Doctors Without Borders. The Suncor Energy Foundation matched each donation and made an additional corporate gift to raise the total contribution to more than \$314,000.

Opening Doors to Higher Education

Suncor is helping to open doors to post-secondary education for students of the Adams 14 school district in Commerce City. Since acquiring the local refinery in 2003, Suncor has donated US\$45,000 to the Adams 14 Education Foundation, which provides scholarships to high school graduates and funding for teachers’ classroom projects, literacy and student leadership initiatives.

A Healthy Partnership

To commemorate the approval of our refinery expansion project near Sarnia, the Suncor Energy Foundation announced a \$500,000 donation to the Bluewater Health Foundation. This gift will support the group’s “State of the Heart” campaign by assisting with construction of a new community facility that offers primary hospital care to communities near Sarnia-Lambton.

For a more detailed list of Suncor Energy Foundation investments or to apply for funding, donations, visit www.suncor.com/social.



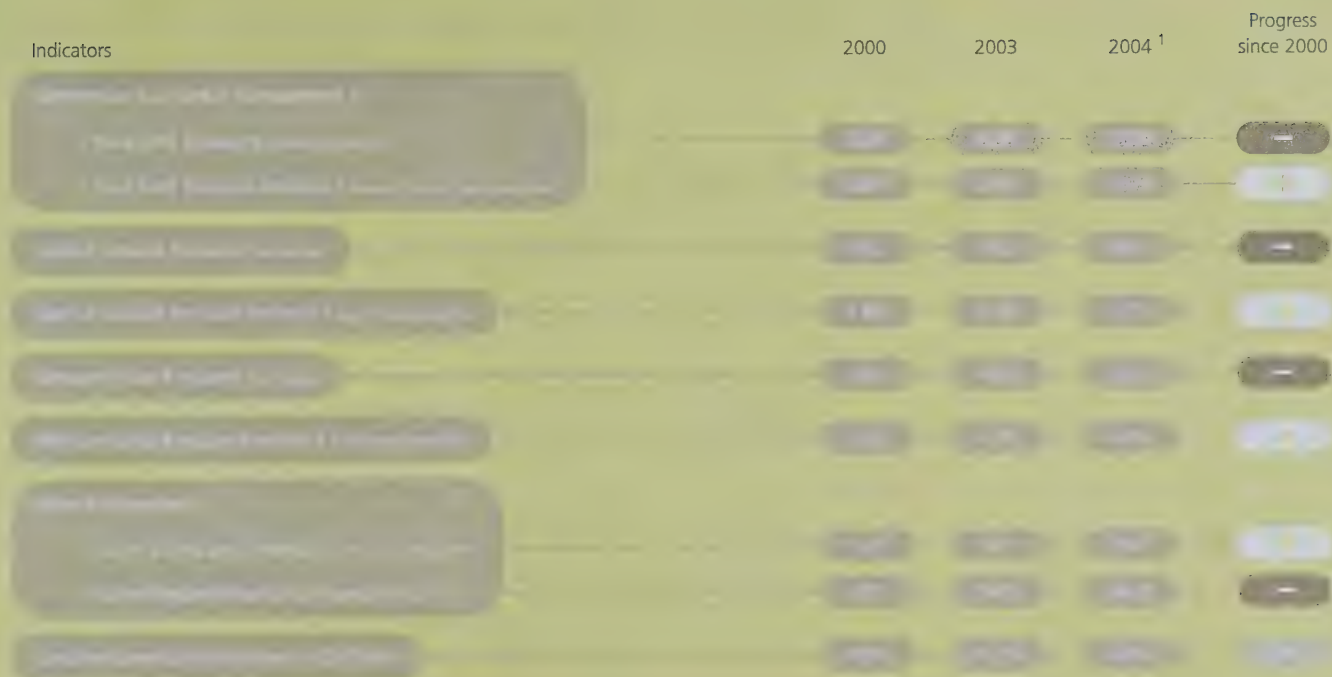
stepping forward
responsibly

Suncor is stepping forward responsibly to MINIMIZE THE ENVIRONMENTAL FOOTPRINT OF OUR OPERATIONS. While it is challenging to achieve that goal as production continues to rise, we are using best practices and technologies to help reduce our impact on the air, land and water.



How are we doing? Since our last report, Suncor has been actively identifying key sustainability performance indicators as part of our business integration efforts. This page summarizes some key aspects of our environmental performance.

Source: Suncor Inc.



¹ Data includes our U.S. operations in 2004.

² 1990 total GHG emissions were 4.87 million tonnes CO₂E and total GHG emission intensity was 0.552 tonnes CO₂E/m³ of total production.

³ Upstream and downstream values are used to calculate intensities. See page 62 for annual production totals.



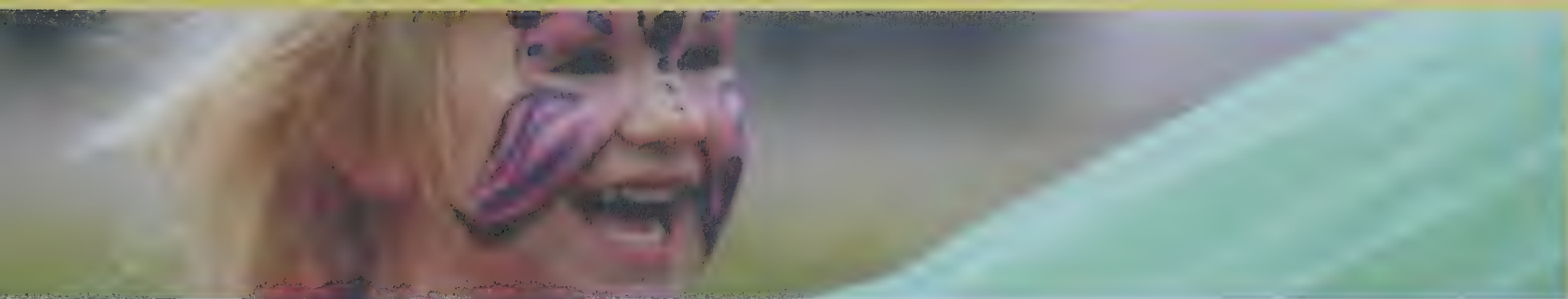
As part of our commitment to support climate change education, Suncor helped fund the construction and cross-Canada touring of the Climate Change Show. Developed by Science North in Sudbury, Ontario, the show uses animated sheep to outline the serious and contemporary challenge of climate change in a lighthearted way.

In our drive to become a sustainable energy company, Suncor remains committed to finding new ways to avoid or mitigate environmental impacts.

The reality for Suncor, as well as for all oil sands developers, is that our overall impacts on the environment grow as we grow.

But while our absolute emissions have increased or remained constant as a result of our growth in oil sands, the eco-efficiency (impact per unit of energy produced) of our operations continues to improve.

In reporting on our environmental performance, the size and nature of Suncor's operations must be considered. Our oil sands operation features heavily in this section because of its material impact on the environment. Activities, policies, commitments and strategic plans to mitigate environmental risks, however, are applied consistently across our business.



Suncor actively seeks the best practices and technologies that allow us to reduce our air emissions

Since our last report, we have improved our greenhouse gas (GHG) emission and energy intensities, reduced air pollutants such as benzene and minimized flaring. In other areas, such as sulphur dioxide (SO₂), nitrogen oxides (NO_x), GHG emissions and total energy use, our emissions increased along with production growth.

Significant Changes Since our Last Report

New facility Suncor has included environmental performance indicators from our Commerce City refinery for 2004. When Suncor acquired our U.S. operations in 2003, we accepted the refinery's commitments to comply with agreements with the State of Colorado and as part of the U.S. Environmental Protection Agency's Petroleum Refining Initiative. As a result, we are investing in new control technologies and practices that are

expected to reduce emissions of NO_x, SO₂ and particulate matter. Enhanced compliance activities for volatile organic compounds (VOCs), flaring and benzene are also part of this agreement.

Reporting changes Changes to the thresholds for the Canadian National Pollutant Release Inventory (NPRI) in both 2002 and 2003 mean we now report on 33 operating facilities in our natural gas business instead of two facilities.

CLIMATE CHANGE

With expected production increases as Suncor embarks on our next major growth phase, managing greenhouse gas emissions will be a challenge. Total emissions are expected to rise. Through sound energy management practices and the adoption of new technologies,

however, Suncor is steadily reducing the emission intensity – the amount of emissions produced per barrel of oil – of our operations. With Canada's ratification of the Kyoto Protocol, Suncor also intends to use all available mechanisms to continue to manage our GHG emissions.

Although Suncor's U.S. operations are not subject to the Kyoto Protocol, we are taking voluntary action in that jurisdiction. The Commerce City refinery is reporting its GHG emissions, is actively involved in the company-wide GHG Methodology Task Team and is looking at ways to reduce GHGs. Starting in 2005, the refinery will begin to report its emissions and related activities in our annual progress report on climate change.



Did you know? Suncor was the first Canadian energy company to present a cost analysis showing compliance with the Kyoto Protocol should not have a material impact on our business – at a range estimated between \$0.20 and \$0.27 per barrel of oil.

Suncor's efforts to address greenhouse gas emissions are guided by a seven-point action plan:

SUNCOR ACTION

- 01 Manage our own greenhouse gas emissions
- 02 Develop renewable sources of energy
- 03 Invest in environmental and economic research
- 04 Use domestic and international offsets
- 05 Collaborate with governments and stakeholder groups on policy development
- 06 Educate employees and the public
- 07 Measure and report our progress

2003 AND 2004 PROGRESS

Reduced company-wide GHG emission intensity by 17.1% since 2002 through energy-efficiency improvements and other initiatives.

Partnered in a 30-megawatt wind power project in Magrath, Alberta, and pursued additional wind development opportunities. Submitted a regulatory application to build an ethanol plant near Sarnia, Ontario.

Launched a pilot project to investigate the commercial feasibility of carbon dioxide (CO₂) sequestration and enhanced methane production. Funded and participated in the international Carbon Capture Project to advance technology for CO₂ capture and storage.

Worked with government and other members of the Canadian Working Group on the Carbon Market to develop a set of principles for an emissions trading market.

Joined the Greenhouse Gas Credit Aggregation Pool – an 18-megatonne buyers' pool for accessing offsets with European and Japanese companies.

Continued to work with many organizations, including the Canadian Association of Petroleum Producers and the Clean Air Renewable Energy Coalition, to support public policy development.

Introduced the One-Tonne Challenge to encourage Calgary employees to reduce personal GHG emissions.

Published annual progress reports on climate change. Suncor was named a Gold Level reporter by the Canadian Standards Association – Climate Change, GHG Registries (formerly the Voluntary Challenge and Registry).

GREENHOUSE GAS EMISSIONS

Every year, Suncor produces a voluntary progress report on climate change. It includes comprehensive information on our strategy and actions to mitigate the impacts of climate change, an explanation of our GHG management program and a detailed review of our annual progress. For a copy of the full report, visit www.suncor.com.

In 2004, Suncor's gross GHG emissions were 10.4 million tonnes of carbon dioxide equivalent (CO₂E). This 51% increase during a five-year period is primarily due to a 91% increase in total upstream and downstream production. GHG emission intensity was 21.4% lower than 2000 levels and 31.5% lower than 1990 levels, owing to the introduction of new technologies and more efficient operating processes.



INVESTING IN SOLUTIONS FOR TOMORROW

SUNCOR IS EXPLORING A NUMBER OF TECHNOLOGIES THAT CAPTURE CO₂ FROM PETROLEUM OPERATIONS AND STORE IT UNDERGROUND SO IT CAN'T ENTER THE ATMOSPHERE AS A GREENHOUSE GAS

SUNCOR HAS JOINED WITH INDUSTRY AND GOVERNMENT PARTNERS TO FUND EXPERIMENTS NEAR DRAYTON VALLEY, ALBERTA THAT WILL DETERMINE THE COST AND RELIABILITY OF INJECTING CO₂ INTO COAL SEAMS. IF SUCCESSFUL, THIS TECHNOLOGY COULD ALSO PRODUCE ENHANCED VOLUMES OF NATURAL GAS

IN NORTHERN ALBERTA, WE'RE TAKING PART IN A STUDY OF TECHNOLOGIES THAT CAPTURE CO₂ FROM OIL SANDS FACILITIES AND TRANSPORT IT TO DISTANT OIL OR GAS FIELDS FOR INJECTION INTO GEOLOGICAL FORMATIONS THROUGH THE INTERNATIONAL CARBON CAPTURE PROJECT, SUNCOR IS ALSO POOLING EXPERTISE AND RESOURCES WITH ENERGY COMPANIES AND GOVERNMENTS TO FIND COST-EFFECTIVE WAYS OF CAPTURING AND STORING CO₂ FROM INDUSTRIAL FACILITIES

COMBINING CO₂ CAPTURE TECHNOLOGY WITH COKE GASIFICATION COULD PROVIDE SIMULTANEOUS ECONOMIC AND ENVIRONMENTAL BENEFITS (SEE PAGE 8).

SCIENTIFIC RESEARCH LIKE THIS TAKES TIME, SO IT COULD BE SEVERAL YEARS BEFORE WE KNOW THE RESULTS AND POTENTIAL RISKS. WE ARE OPTIMISTIC, HOWEVER, OUR EFFORTS WILL DELIVER ENVIRONMENTAL BENEFITS IN THE FUTURE

2004 GHG Summary

Business	% of GHG profile	GHG total (thousand tonnes CO ₂ E)	GHG emission intensity change from 2000	Reason for change
Oil Sands	79%	8 256	21.8% decrease	Energy-efficiency improvements
		51% increase since 2000		
Natural Gas	5%	491	13.7% decrease	Facility optimization
		11.7% decrease since 2000		
Energy Marketing and Refining – Canada	10%	1 027	5.5% increase	Addition of two processing units
		6.1% increase since 2000 (with ethanol and cogeneration credits – 18.3% decrease since 2000)		
Refining and Marketing – U.S.A.	6%	617 (680 tons CO ₂ E)	—	2004 is the baseline year for reporting at our Commerce City refinery



ADDRESSING A TECHNOLOGICAL DILEMMA

SOMETIMES A TECHNOLOGY THAT SOLVES ONE PROBLEM CREATES OTHER CHALLENGES THAT WE NEED TO ADDRESS. THAT IS THE CASE WITH IN-SITU TECHNOLOGY, WHICH SUNCOR USES TO RECOVER BITUMEN THAT CANNOT BE ACCESSED THROUGH CONVENTIONAL OIL SANDS MINING. IN-SITU INVOLVES DRILLING INTO THE OIL SANDS RESERVOIR AND THEN INJECTING STEAM THAT HEATS THE THICK BITUMEN AND ALLOWS IT TO FLOW TO THE SURFACE. RECOVERING BITUMEN WITH IN-SITU TECHNOLOGY REQUIRES SIGNIFICANTLY LESS LAND DISTURBANCE THAN CONVENTIONAL MINING TECHNIQUES.

THE MAIN CHALLENGE OF IN-SITU TECHNOLOGY IS ITS ENERGY-INTENSIVE NATURE, MEANING WE MUST BURN A LOT OF NATURAL GAS TO GENERATE ENOUGH STEAM TO HEAT THE BITUMEN. WE WANT TO REDUCE THE AMOUNT OF ENERGY WE USE, SO SUNCOR IS RESEARCHING AND TESTING POSSIBLE IMPROVEMENTS TO THE TECHNOLOGY.

ONE PROMISING IDEA INVOLVES USING SOLVENTS TO REDUCE THE VISCOSITY OF THE BITUMEN AND MAKE IT EASIER TO PUMP TO THE SURFACE. THAT WOULD MEAN WE WOULD USE LESS STEAM, WHICH WOULD LEAD, IN TURN, TO LOWER NATURAL GAS CONSUMPTION.

THE RESEARCH HAS JUST BEGUN, SO IT WILL BE SOME TIME BEFORE WE WILL KNOW THE EFFECTIVENESS OF SOLUTIONS LIKE THIS. WE FEEL CONFIDENT, HOWEVER, THAT INGENUITY AND PERSISTENCE WILL PAY OFF EVENTUALLY AND HELP REDUCE OUR OVERALL ENVIRONMENTAL FOOTPRINT.

ENERGY EFFICIENCY

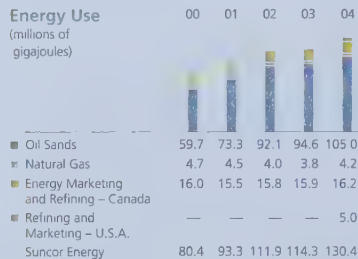
Increasing energy efficiency not only helps to reduce greenhouse gas emissions, it also creates economic benefits through reduced costs and increased conservation.

Expansion of our operating facilities has increased company-wide energy use by 62.2% since 2000, but energy intensity has declined by more than 15% during the same period. Individual energy-efficiency projects continue the drive to improve. Specific initiatives include:

Oil Sands

- Reducing hot water demand and the water temperature for extraction processes;
- Improved monitoring in upgrading, which reduced hydrogen flaring, thereby reducing natural gas consumption;
- Optimizing the integration between the two utilities plants to improve steam turbine efficiency.

Energy Use
(millions of gigajoules)



Natural Gas

- Maintenance strategies to minimize fuel gas consumption in gas-fired equipment at processing facilities.

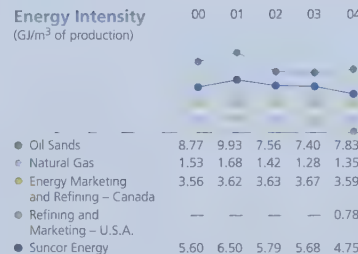
Energy Marketing and Refining - Canada

- Installed four Carbon Monoxide Trim Control units at the Sarnia refinery to reduce GHG emissions by an expected 3,600 tonnes per year, which is also expected to lead to approximately \$470,000 per year in fuel savings. Plans are under way to install additional units.

Refining and Marketing - U.S.A.

- Under the guidance of an Energy Action Team, the refinery is developing monitoring tools, metrics, procedures and projects to implement improvements and elevate energy awareness in the refinery. In 2004, the Commerce City refinery began to update its electrical power monitoring software so electricity consumption can be more readily measured.

Energy Intensity
(GJ/m³ of production)



SULPHUR DIOXIDE

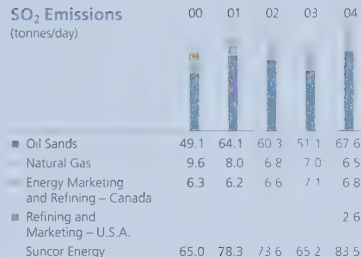
Sulphur dioxide (SO₂) emissions contribute to acid rain, which damages lakes, forests and fish populations, which, in turn, could pose a threat to human health.

Company-wide, total SO₂ emissions rose 28.5% between 2000 and 2004, primarily as a result of production almost doubling, unexpected downtime of the flue gas desulphurization unit and additional flaring at our oil sands operation. Emission intensity, however, improved 33.1% during the same period.

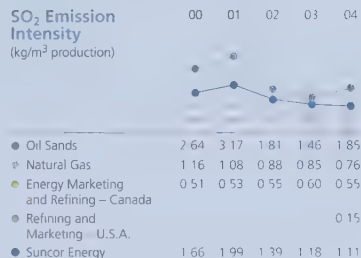
Most of Suncor's SO₂ emissions are generated by our oil sands facility, where we estimate Suncor contributes approximately 24% of the SO₂ emissions in the region (see page 58). To address potential cumulative environmental impacts, Suncor actively participates in the Cumulative Environmental Management Association, which among other work, has developed a NO_x and SO₂ management framework.

SO₂ emissions in our natural gas business are associated with sour gas processing operations. Overall, sour gas processing volumes at Suncor-operated facilities decreased 25.7% since 2000, accounting for many of the SO₂ emission reductions. Our natural gas business continues to expand its plant optimization and flare reduction efforts.

SO₂ Emissions
(tonnes/day)



SO₂ Emission Intensity
(kg/m³ production)



FLARING

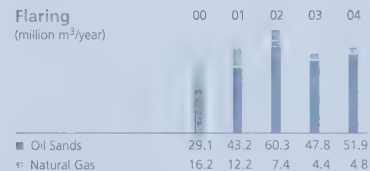
Flaring is the burning of natural gas and solution gas that is not captured for energy production. It occurs at Suncor's oil sands upgrading facilities, gas processing plants and well sites as part of existing business operations. Flaring also occurs as a safety precaution during operational upsets. Rather than releasing hydrocarbon vapours directly into the air, flaring converts dangerous components such as hydrogen sulphide to less harmful substances.

New processes and technologies are helping Suncor reduce overall well test flaring for new natural gas wells. For example, by accelerating the construction of natural gas pipelines and production facilities, we have significantly reduced the volume of gas flared during well completion procedures. Total flare volumes fell 70% from 2000 to 2004.

Flaring activities at the Sarnia refinery increased due to the installation of a gasoline desulphurization unit in 2003. We are currently planning to recover this gas stream.

A flare gas recovery system on one of the Commerce City refinery's two main safety flares is helping to minimize flaring. A second system is to be installed on the second flare by the end of 2005.

Flaring
(million m³/year)





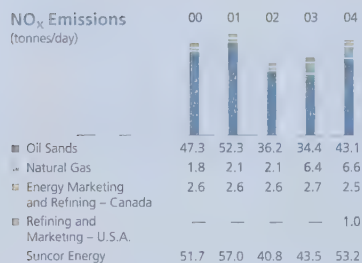
EXCEEDING COMMITMENTS ON NO_x

"WE EXCEEDED EVERYONE'S EXPECTATIONS BY MAKING GOOD TECHNOLOGICAL CHOICES," SAYS DEREK CHUBB, MANAGER, SUSTAINABLE DEVELOPMENT FOR OUR OIL SANDS OPERATION

CHUBB WAS REFERRING TO SUNCOR'S SUCCESS IN REDUCING NO_x EMISSIONS AT THE OIL SANDS MINING OPERATIONS.

SUNCOR EXCEEDED ITS COMMITMENT TO REDUCE NO_x EMISSIONS IN THE MINE BY PURCHASING MORE EFFICIENT REPLACEMENT FLEET EQUIPMENT SUCH AS HEAVY HAULERS, SHOVELS, BULLDOZERS AND BACKHOES. REDUCTIONS HAVE ALSO OCCURRED ELSEWHERE IN THE OPERATION THROUGH INVESTMENTS IN LOW NO_x TECHNOLOGY DURING FACILITY EXPANSIONS AND MAKING SELECTIVE UPGRADES TO EXISTING PLANT EQUIPMENT AND FACILITIES.

NO_x Emissions
(tonnes/day)



NITROGEN OXIDES

When nitrogen oxides (NO_x) and volatile organic compounds (VOCs) react with sunlight and warm temperatures, they cause smog. This can affect human and ecosystem health.

Since 2000, company-wide NO_x emissions increased slightly, however emission intensity decreased by 46%.

Most of our NO_x emissions come from our oil sands facility. During this time, NO_x emissions and emission intensity at Oil Sands decreased by 8.9% and 53.5%, respectively.

Energy Marketing and Refining – Canada is on its way to reaching its goal of reducing NO_x emissions by 25% from 1995 levels. Emissions and emission intensity for 2004 dropped 5.4% and 7.5%, respectively, below 2000 levels.

Refining and Marketing – U.S.A. is installing new equipment to reduce sulphur in both diesel fuel and gasoline. This is also expected to reduce NO_x emissions at the refinery.

NO_x Emission Intensity
(kg/m³ production)



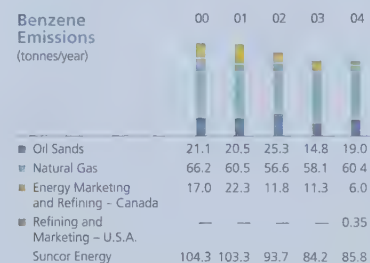
VOLATILE ORGANIC COMPOUNDS


VOC emissions at our oil sands facility are generated primarily from tailings ponds. Suncor's refineries release VOC emissions during refining, storage and distribution of hydrocarbons. In our natural gas business, glycol dehydrators used to remove water from natural gas are the main source of VOC emissions.

At our oil sands operation, VOC emissions decreased 32.4% since 2003, primarily as a result of improved performance of the naphtha recovery unit – a prime abatement unit in the extraction process.

Additional activities such as introducing leak detection and repair programs to proactively monitor valves, flanges and pumps, can help to reduce VOCs. At the Sarnia refinery, VOC emissions decreased by 18.6% between 2000 and 2004.

Benzene Emissions
(tonnes/year)





Did you know? Suncor filed plans with regulators in early 2005 to construct and operate a third oil sands upgrader. Due to improved water management systems and technologies, we are not requesting additions to our water licence.

Water is critical to Suncor's operations and we are committed to managing this resource wisely.

Through progressive water management, we continue to focus on minimizing the amount of water we use, recycling wherever possible, and ensuring the quality of our discharged water meets regulatory requirements.

Making oil from oil sands requires water and we use it to regulate temperatures in oil sands and refining processes and to create steam for in-situ extraction. Water is also found in the bitumen and needs to be managed as part of the bitumen separation process.

Suncor's total water withdrawal and water retention continues to increase since much of the water used to produce oil is either recycled or retained in tailings ponds. Water withdrawal intensity, however, continues to decline. In 2004, Suncor used 43% less water per unit of production than in 2000.

At our oil sands operation, we are licensed to withdraw approximately 59.8 million cubic metres (m³) of water from the Athabasca River annually.

Water withdrawal intensity at our oil sands operation declined 32.3% between 2000 and 2004. This reduction reflects an increased use of recycled water from our tailings systems in the bitumen extraction and upgrading operations. By increasing the amount of recycled water used, less water has been released back to the Athabasca River. Recycled water from our ponds accounts for 82% of the total water used to produce oil. We currently require about 4.2 cubic metres of river water to make one cubic metre of oil.

At Suncor's in-situ project, water is converted to steam and used in an enclosed system to heat the bitumen. Approximately three cubic metres of water are required for each cubic metre of bitumen produced. About 85% of that water is recovered and recycled back into the steam generators, forming a continuous loop. The initial water volume and the bulk of the make-up water required for steam generation are taken from the oil sands wastewater systems. When full rates of production are achieved, we expect to use two cubic metres of water for each cubic metre of bitumen produced and recover approximately 95% of the water.

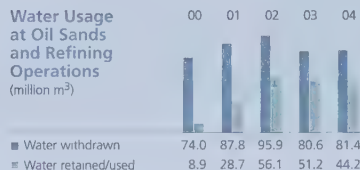
Refineries extract large volumes of water for heating and cooling. In 2004, the Sarnia refinery withdrew 23.8 million m³ of water from the St. Clair River, primarily for process cooling. This water does not come in contact with process material and flows directly back into the river. Water from rainfall, snowfall, potable municipal water, condensing steam and water removed during the refining process are treated and also returned to the river.

In 2004, the Commerce City refinery purchased 1.6 million m³ (420.6 million gallons) of water. Approximately 40% is returned to nearby Sand Creek via a Colorado State permitted and regulated outfall. The rest of the water is used throughout the refinery process and is lost to evaporation. The refinery also has an ongoing groundwater remediation system to treat historical contamination from our site and adjacent properties that involves pumping 1.3 million m³ (347 million gallons) of additional water per year from the shallow aquifer beneath the refinery. This water is also treated, then discharged to Sand Creek.

COLLABORATING ON WATER MANAGEMENT

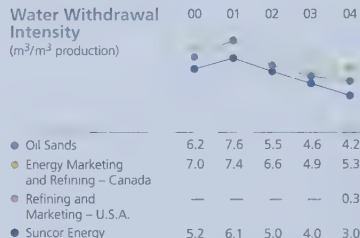
To monitor the impact of our activities on the Athabasca River in northern Alberta, we participate in programs such as the Regional Aquatic Monitoring Program (RAMP). RAMP is a multi-stakeholder forum including industry, stakeholders, First Nations and government agencies. It conducts aquatic biomonitoring by examining water quality, water flow, fisheries and microscopic organisms.

Water Usage at Oil Sands and Refining Operations
(million m³)



Increases in the volume of water drawn from the Athabasca River and retained on site at oil sands is primarily for tailings ponds.

Water Withdrawal Intensity
(m³/m³ production)

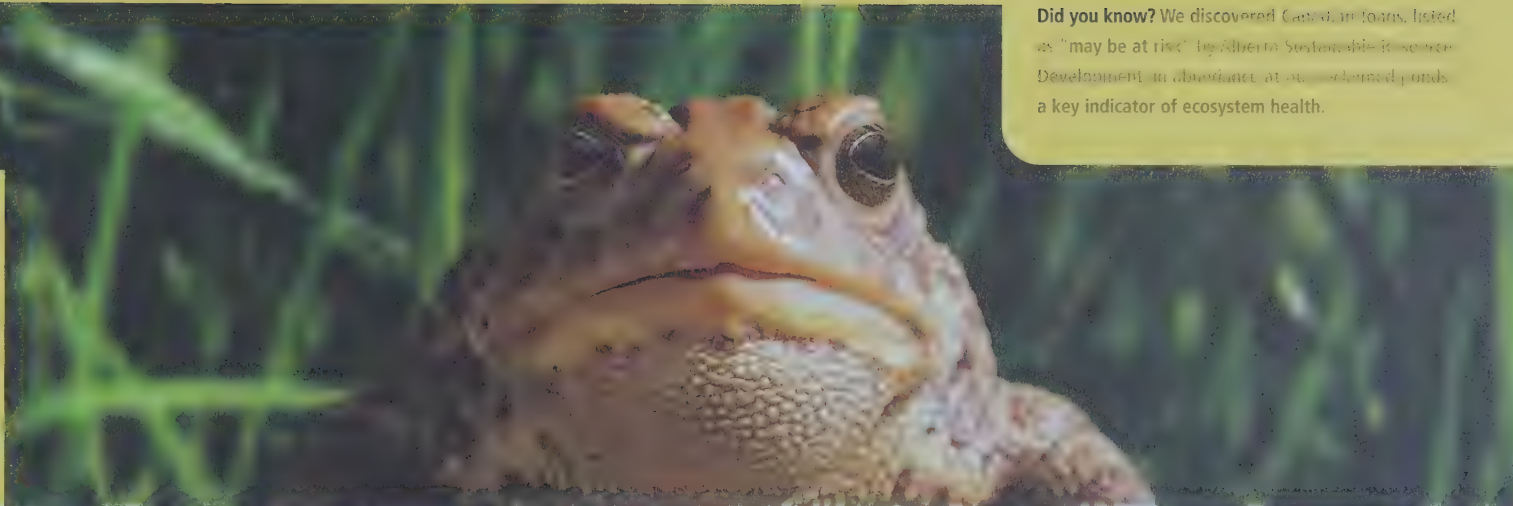


RESTORING WETLANDS

SAND CREEK, A QUIET PRAIRIE STREAM BORDERED TODAY BY WILLOWS, COTTONWOODS AND TALL GRASS, ONCE AGAIN FLOWS FREELY THROUGH THE COLORADO COMMUNITIES OF COMMERCE CITY, AURORA AND DENVER, DUE IN PART TO ASSISTANCE FROM SUNCOR.

SUNCOR OPERATIONS BORDER SAND CREEK, A SMALL WATERCOURSE THAT IS NOW FLANKED BY URBAN DEVELOPMENT AND AFFECTED BY VARIOUS DISCHARGES AND URBAN WATER RUN-OFF. MANY COMMUNITY PARTNERS CAME TOGETHER TO RECLAIM THE CREEK. SUNCOR'S MOST RECENT CONTRIBUTION WAS TO REPLANT SEVERAL HUNDRED TREES ALONG THE STREAM AND INSTALL AN IRRIGATION SYSTEM THAT USES TREATED, RECYCLED WATER FROM OUR REFINERY TO NOURISH THE NEWLY PLANTED VEGETATION. THESE PLANTS ALSO HELP TO REMOVE OIL RESIDUES FROM THE SOIL AND GROUNDWATER OF THE RECLAIMED AREA.

TODAY, THE SAND CREEK REGIONAL GREENWAY OFFERS RESIDENTS 13 MILES (21 KILOMETRES) OF SUPERB RECREATIONAL TRAILS AND OPPORTUNITIES TO LEARN ABOUT THE IMPORTANCE OF RIVER BANK HABITATS.



Did you know? We discovered Canadian toads, listed as "may be at risk" by Alberta Sustainable Resource Development in abundance at our reclaimed ponds, a key indicator of ecosystem health.

Suncor strives to be a responsible steward of the land on which we operate and respects the rich diversity of life it supports.

Through progressive land management, low-impact technology and collaboration with stakeholders, we are finding new ways to balance resource development and environmental stewardship.

MINIMIZING OUR FOOTPRINT

Technology is helping drive our efforts to reduce our impacts on land. For instance, Suncor initiated the development of customized equipment to build narrower seismic lines, significantly reducing the footprint of natural gas and pipeline development activities. These narrower clearances reduce predator and human activities that can put sensitive species, such as caribou, at risk.

Low-impact in-situ technology allows us to access bitumen reserves by using only about 10% of the land normally disturbed through mining. Efforts by

our contractors to minimize the size and number of our well pads at our in-situ and natural gas operations are helping to further reduce our land disturbance.

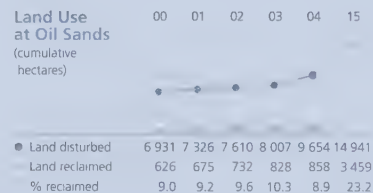
LAND RECLAMATION

Where land disturbance is necessary, reclamation becomes a central component of our long-term planning and operations. Suncor's reclamation plans meet or exceed regulatory requirements to restore land capability to the equivalent of that which existed before industrial activity.

Most of the land disturbed by Suncor's activities is associated with surface mining and in-situ operations at our oil sands facility, where the total land disturbed since startup covers 9,654 hectares. After mining operations are finished, land is reclaimed through a process that includes contouring and seeding with barley, shrubs and trees.

To date, 858 hectares of land have been reclaimed at our oil sands facility, about 8.9% of the total land disturbed since 1967.

Land Use at Oil Sands
(cumulative hectares)



Projections for land disturbance are based on approved plans for development

Well Site Construction and Reclamation

At the end of 2004, Suncor operated 282 producing natural gas wells in Alberta and northeastern British Columbia.

Whenever possible, Suncor strives to reduce our environmental footprint by minimizing the size and number of well pads we build. We also aim to reduce our well site liability by reclaiming our abandoned sites. Suncor currently has 93 reclaimed sites and 38 have been issued reclamation certificates. Upcoming changes in Alberta's reclamation criteria and certification process may impact the rate of reclamation in the future.

A NEW APPROACH TO AN OLD PROBLEM

When Suncor talked to stakeholders about plans to build a natural gas pipeline near Grande Cache, Alberta, some conservation groups raised concerns about the area's dwindling Little Smoky woodland caribou herd. The 102-kilometre North Cabin Pipeline is needed to carry new volumes of gas to Suncor's processing facility near Valleyview, and would cross part of the herd's range. The Little Smoky caribou have been affected by a variety of factors, including the intensity of oil and gas and forestry activities during the past 30 years, which has increased predator and human access to the area.

So we did something unusual.

Suncor and our project and funding partner, ConocoPhillips Canada, committed to restoring caribou habitat in an area that was disturbed by others years ago. We sought the advice and involvement of a diverse group of

stakeholders, including caribou specialists from the University of Alberta and wildlife experts from Alberta Sustainable Resource Development.

Based on this broad input, the two companies committed to spend approximately \$1.2 million to restore up to 400 kilometres of old seismic lines. These efforts are expected to reduce caribou kills by wolves, deter public access and enhance the quality of habitat. This is a first significant step toward improving the herd's chances of survival.

The pipeline project also goes well beyond industry's normal mitigation measures and includes dramatically reducing new clearing of forest by building 95% of the pipeline along existing seismic cutlines and roads. Rather than disturb habitat near stream crossings, the companies also used subsurface drilling instead of trenching wherever possible.

Not all conservation groups agree this is the right approach, but we continue to work with our project stakeholders to find practical solutions to the complex environmental issues in the Little Smoky Range.

Stephen Kaufman, Suncor's director of business development, says: "Our restoration plan starts to address a long history of habitat degradation in the Little Smoky Range while, hopefully, setting a new and higher standard for development going forward."



SUSTAINABILITY IN A SEEDLING

THIRTY YEARS, THREE MILLION TREES AND THOUSANDS OF HOURS OF EFFORT – THAT'S A PIECE OF WHAT SUNCOR'S COMMITMENT TO RESTORATION OF THE LANDSCAPE AT OUR OIL SANDS MINE HAS MEANT SO FAR. AND THAT COMMITMENT CONTINUES.

JUST ASK IVY WIGMORE, A MEMBER OF THE NEIGHBOURING MIKISEW CREE FIRST NATION. IVY PLANTED SOME OF THE FIRST TREES ON SUNCOR'S RECLAMATION AREAS IN THE EARLY 1970S. THIRTY YEARS LATER, WE INVITED HER BACK TO PLANT THE THREE MILLIONTH TREE.

THAT SEEDLING IS PART OF A WELL-PLANNED EFFORT TO RECLAIM THE LAND DISTURBED BY OUR MINING OPERATIONS. WE HAVE SOWN ASPEN, BALSAM POPLAR, WHITE BIRCH, SASKATOON BERRY BUSHES AND LOWBUSH CRANBERRIES. ALL OF THE PLANT STOCK IS NATIVE SEEDLINGS, WHICH ARE WELL-SUITED TO THE HARSH SEASONAL CONDITIONS

SUNCOR IS ALSO DEVELOPING APPROXIMATELY 20% OF OUR LEASE AS WETLANDS THAT ARE EXPECTED TO SUPPORT WATERFOWL, AS WELL AS BOREAL FOREST MAMMALS THAT FORAGE IN WETLANDS OR USE THEM FOR PROTECTION. "WE HAVE SEEN A REAL INCREASE IN WILDLIFE RETURNING TO OUR RECLAMATION SITES, INCLUDING MULE DEER, FOX AND BEAR," SAYS LEO PAQUIN, SUNCOR'S RECLAMATION COORDINATOR.

SUNCOR'S SUCCESS WITH RECLAMATION OWES MUCH TO THE COUNSEL OF THE ABORIGINAL ELDERS OF THIS REGION. TOGETHER WITH OUR STAFF SCIENTISTS, THEY HAVE HELPED SUNCOR BECOME BETTER STEWARDS OF THE LAND.

PICTURED ABOVE: FROM LEFT: EXECUTIVE VICE PRESIDENT STEVE WILLIAMS, IVY WIGMORE AND CHIEF ARCHIE WAQUAN FROM THE MIKISEW CREE FIRST NATION.



MONITORING BIRDS AND BATS AT OUR WIND FARMS

TECHNOLOGY IS HELPING SUNCOR ASSESS AND REDUCE THE ENVIRONMENTAL IMPACTS OF OUR WIND POWER PROJECTS.

OF PARTICULAR CONCERN IS THE POTENTIAL FOR NIGHT-MIGRATING SONGBIRDS AND BATS TO COLLIDE WITH WIND TURBINES AS THEY FOLLOW THEIR MIGRATORY ROUTES. BUT HOW CAN WE STUDY BIRDS AT NIGHT IF WE CAN'T SEE THEM?

SUNCOR TEAMED UP WITH DR. RHONDA MILLIKIN, A SCIENTIST DEVELOPING SPECIALIZED RADAR AND ACOUSTIC TECHNOLOGY TO TRACK THE NIGHTTIME FLIGHT HABITS OF BIRDS AND BATS. OUR PARTNER ENBRIDGE INC. AND FELLOW WIND ENERGY DEVELOPERS VISIONQUEST AND CANADIAN HYDRO DEVELOPERS ALSO JOINED THE PROJECT.

DR. MILLIKIN'S STUDY SHOWED THAT MIGRATORY BIRDS FLYING THROUGH WIND FARMS TEND TO FLY ABOVE THE TURBINES. THIS IS GOOD NEWS AND MEANS THAT BIRDS MAY BE ABLE TO DETECT WIND ENERGY TURBINES FROM A DISTANCE AND ALTER THEIR FLIGHT PATTERNS TO AVOID THEM.

PICTURED ABOVE DR. RHONDA MILLIKIN AT THE MAGRATH WIND POWER PROJECT.

COLLABORATING TO MANAGE CUMULATIVE IMPACTS

Resource development by Suncor and other companies causes a cumulative impact on land that requires a co-ordinated response. That's why we have taken a leadership role in a variety of collaborative initiatives to address regional and national issues.

A Vision for Boreal Forest Conservation

The boreal forest covers one-third of Canada. It is home to many Aboriginal people and is a critical habitat for thousands of plant and animal species. As a result of increasing natural resource development, portions of the boreal forest are becoming fragmented.

Suncor joined 11 First Nations, resource companies and environmental groups in 2003 to unveil a national vision for the boreal forest called the Boreal Forest Conservation Framework. As part of that commitment, Suncor has undertaken to use best practice and leading technologies to minimize our boreal forest footprint, as well as to work with other boreal stakeholders on issues of shared interest.

Working with Regional Stakeholders

Suncor is a founding member and financial supporter of the Cumulative Environmental Management Association (CEMA), a multi-stakeholder organization established to develop recommendations to Alberta regulators to reduce potential long-term impacts of industrial development in northeastern Alberta. Suncor employees play a governance role in CEMA and participate in its many working groups. CEMA has recommended a series of measures relating to managing acidifying emissions, monitoring trace metals, design considerations for reclaimed landscapes and minimizing surface disturbances.

Suncor is also a founding member and financial supporter of the Wood Buffalo Environmental Association (WBEA). WBEA manages a network of air monitoring stations in northern Alberta. Wood Buffalo is a world leader in monitoring and assessing cumulative environmental impacts on air, water, land and wildlife.

At Sarnia, Suncor is a member of the Sarnia-Lambton Environmental Association, a regional industrial environmental co-operative whose members are the petroleum refining, petrochemical and associated industries operating in Lambton County. The Association's mission is: "to be recognized by members, regulatory agencies and the community for excellence in promoting and fostering a healthy environment consistent with sustainable development."



A PIONEERING PROCESS IN TAILINGS MANAGEMENT

HOW DO YOU RECLAIM TINY PARTICLES OF CLAY, RESIDUAL BITUMEN AND VARIOUS CHEMICALS FROM THE WATER IN WHICH THEY ARE SUSPENDED? IT TAKES TIME AND TECHNOLOGY.

ON ITS OWN, MATURE FINE TAILINGS (MFT) WILL NOT RELEASE WATER AND SINK TO THE BOTTOM OF A POND. THAT'S WHERE CONSOLIDATED TAILINGS TECHNOLOGY COMES IN. THIS PROCESS USES GYPSUM TO BIND MFT WITH MINED SAND, FREEING WATER FOR REUSE IN OIL SANDS PROCESSES. THE REMAINING SOLIDS CONSOLIDATE TO FORM A RECLAIMABLE DEPOSIT. ONCE THE RELEASED WATER HAS BEEN REMOVED, THE SOLIDS CAN BE SEALED WITH A SAND CAP TO PROVIDE A FIRM PLATFORM ON WHICH TO BEGIN RECLAMATION ACTIVITIES SUCH AS CONTOURING AND PLANTING VEGETATION.

SUNCOR PIONEERED CONSOLIDATED TAILINGS TECHNOLOGY IN 1997 AND HAS MADE A NUMBER OF REFINEMENTS TO THE PROCESS SINCE THEN. OUR FIRST CONSOLIDATED TAILINGS POND SHOULD BE FILLED IN BY 2007 – A KEY STEP TOWARD SURFACE RECLAMATION.

PICTURED ABOVE: WAYNE TEDDER, ENVIRONMENTAL SPECIALIST WITH CLOSURE PLANNING AND RECLAMATION.

TAILINGS POND RECLAMATION

Tailings ponds – containing water, clay and residual bitumen produced through the oil sands extraction process – also create surface land disturbance and are the focus of a major reclamation effort.

Suncor's first tailings pond was built in the late 1960s and has been undergoing a pre-vegetative reclamation process since the mid-1990s. Before planting vegetation, we must remove the mature fine tailings (MFT) from the tailings pond. MFT is a mixture of clay, water, residual bitumen and chemicals suspended in water.

Pond 1, with a surface area of approximately 136 hectares, is currently being dredged of its MFT and in-filled with sand. As sand settles into the bottom of the pond, water is forced to the surface where it drains into another pond and is recycled into our operations. The dredged fine tailings are mixed with gypsum and sand to create consolidated tailings.

Suncor is committed to completing the reclamation of Pond 1 to a stable solid surface that will support vegetation and wildlife by 2010. We are working toward a long-term goal of reclaiming all tailings ponds once mining activity ceases.

MANAGING WASTE

Suncor aims to reduce demands on landfills by generating less waste and increasing recovery. Our oil sands facility is creating a more efficient integrated waste plan to increase the efficiency of our current waste management practices. While still under development, the plan takes a systemic approach to waste collection, sorting, treatment and disposal.

We are also collaborating with the Regional Municipality of Wood Buffalo in waste management. Suncor and the Suncor Energy Foundation will provide the municipality up to \$100,000 per year for the next three years to develop a public awareness and education campaign about recycling and waste management. The two parties will also examine the joint management of waste, including recyclables, generated by both organizations.

In our natural gas business, hazardous waste decreased significantly due to unusually high numbers recorded in 2002 as a result of a large contaminated soil removal near Fort St. John, British Columbia. Drill cuttings from wells in the foothills area are transported to Saskatchewan for disposal in salt mines, reducing waste to be treated in environmentally sensitive areas.



stepping forward
to prosperity

Suncor is stepping forward to CREATE PROSPERITY IN THE OIL SANDS REGION AND BEYOND. The innovation we bring to the energy sector contributes to local, regional and national prosperity and generates the taxes and royalties that contribute to health care, education and civic infrastructure while also generating value for our shareholders.

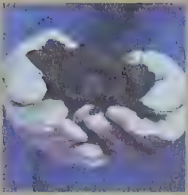


How are we doing? As we work to build shareholder value, Suncor is also helping to build our local and national economies. This page summarizes some of the key aspects of our economic contributions.

Indicators	2000	2003 ¹	2004	Progress since 2000
Long-term debt to capital employed (percentage)	26%	26%	23%	▲
Current and long-term debt to capital employed (percentage)	38%	35%	34%	▲
Return on capital employed (percentage)	20%	24%	26%	▲
Operating income (million dollars)	1,000	1,200	1,300	▲
Operating income per barrel of oil equivalent (dollars)	1.70	1.75	1.75	▲
Operating income per barrel of oil equivalent (dollars)	1.70	1.75	1.75	▲

¹ Data for these economic indicators includes our U.S. operations as of August 1, 2003.

² Return on capital employed (ROCE) is included as a GRI core economic performance indicator and may be used by investors to analyze operating performance, leverage and liquidity. ROCE is net earnings (\$1,100 million in 2004) adjusted for after-tax financing income (\$10 million in 2004) for the year, divided by average capital employed (\$6,751 million in 2004). Average capital employed is the sum of shareholders' equity and short-term debt, less long-term debt, less cash and cash equivalents at the beginning and end of the year, divided by two, less average capitalized costs related to major projects in progress (\$1,036 million in 2004). For more information on ROCE, see our 2004 annual financial report.



Suncor's business is built on the rich deposits of the Athabasca oil sands – one of the world's largest known petroleum basins with an estimated 174 billion barrels of crude oil reserves and resources.



SECURING THE FUTURE WITH CANADA'S OIL SANDS

In 1997, the Alberta and Canadian governments enacted royalty and fiscal policies that provided the catalyst for some \$34 billion in oil sands investment in the last seven years. This has spurred development in northern Alberta and provided thousands of well-paying positions, abundant business opportunities and significant government revenues. The oil sands had created an estimated 120,000 direct and indirect jobs across Canada by 2003 – a number that is expected to double by 2008.

Oil sands production in the region is expected to increase to nearly two million barrels of crude oil per day by 2010 – almost 60% of Canada's production – and to as much as three million barrels per day by 2020.

Suncor will be a key player in that expansion as we move forward with our growth strategy.



Alberta's oil sands are located next to the world's biggest energy market. Suncor's operation is connected to North America's pipeline network that moves oil to rapidly growing continental markets.

POWERING THE NORTH AMERICAN ECONOMY

The benefits of Suncor's economic success extend well beyond the returns we provide to shareholders. As a leader in the North American energy industry, Suncor contributes to economic growth and social well-being. The taxes and royalties we pay help governments to provide many essential public services, such as health care, education and community infrastructure.

For example:

- In the last five years, Suncor paid a total of \$3.31 billion in taxes and royalties to three levels of government, including property, income and excise taxes and resource royalties.
- At the end of 2004, we directly employed more than 2,500 people at our oil sands facility, plus an

additional 1,182 long-term contractors. For every job in our oil sands operation, three to five people are also employed indirectly.

- Suncor spent about \$166.5 million to purchase goods and services from Aboriginal businesses in 2003 and 2004 in Wood Buffalo.
- Suncor's capital spending plan for the next several years is expected to average \$2.3 billion to \$2.5 billion per year.
- The economic benefits of Suncor's growth are seen not only in the oil sands region. For instance, Suncor's US\$300-million investment in our Commerce City refinery is expected to generate up to 600 construction jobs and significant local spending on goods and services. A similar project at our Sarnia refinery is estimated to generate millions of dollars in local and regional purchases.

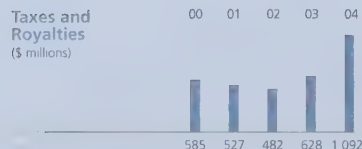
OPERATING PERFORMANCE AT A GLANCE

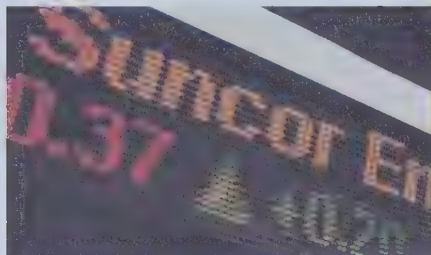
Consecutive production records, tight cost management and high commodity prices all helped deliver healthy financial results for Suncor in 2003 and 2004.

In 2004, Suncor set a new production record of 263,000 barrels of oil equivalent per day, helping to drive net earnings of \$1.1 billion, relatively stable with 2003 net earnings. These solid returns were reflected in another key indicator of Suncor's financial health and profitability. In 2004, Suncor's company-wide return on capital employed was 19.1%.



* See page 49





A History Of Solid Performance

Since Suncor became a publicly traded company in 1991, our delivery of value production 24% more than total and production costs have declined significantly. Over the same period, return on assets and return on equity has outperformed the S&P 500 index by a factor of five.

Suncor has consistently generated strong returns for shareholders. We have also shown strong financial performance can be achieved in socially and environmentally responsible ways.

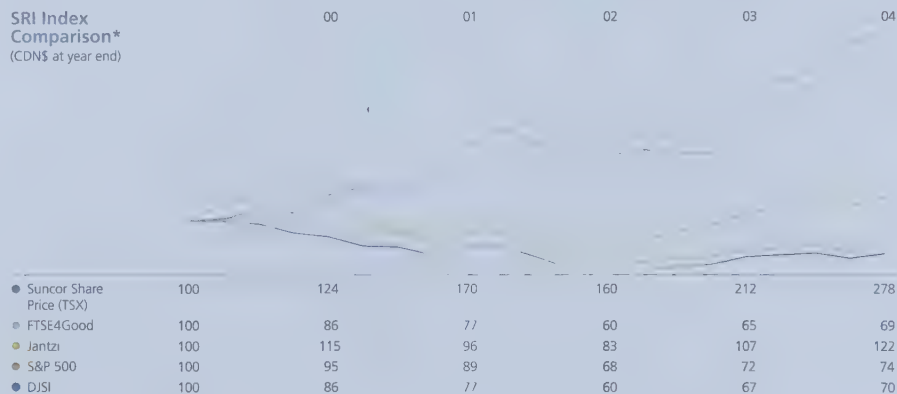
The financial community has recognized our economic performance – and, just as importantly, our social and environmental performance – by including Suncor in three key socially responsible investment indexes (SRIs). These indexes measure specific criteria for economic, environmental and social practices and give investors reliable information about best industry practices.

- For the sixth consecutive year, the Dow Jones Sustainability Index (DJSI) has named Suncor to its worldwide ranking. Suncor is one of only 14 energy companies worldwide on the index.
- The FTSE4Good, a leading global index provider that focuses on environmental performance, stakeholder relationships and human rights, has listed Suncor every year since 2001.
- The Jantzi Social Index, consisting of 60 Canadian companies screened for social and environmental practices, has listed Suncor every year since its inception in 2000.

- Suncor was one of only two Canadian companies and the only energy company to be named to the newly formed Carbon Disclosure Project's 2004 Climate Leadership Index. The international index

profiled 50 companies that were judged to demonstrate “best-in-class” reporting of investment information related to the risks and opportunities presented by climate change.

SRI Index Comparison*
(CDN\$ at year end)



* Innovest Strategic Value Advisors produced a total return index chart that compares the value of \$100 invested in Suncor shares on January 1, 2000 against the DJSI, FTSE4Good and the Jantzi Social Indexes, as well as the S&P 500. Annual figures presented are closing prices as of the last business day of the year.



Did you know? Suncor's commitment to sustainability is a key part of our business strategy. We are focused on reducing our carbon footprint, improving our energy efficiency, and investing in renewable energy. We are also committed to supporting the communities in which we operate and to ensuring the safety of our employees.

THE ART OF MANAGING MEGAPROJECTS

Economic success is a key component of sustainability for Suncor, our suppliers, employees, communities and shareholders. But the economic benefits associated with big projects can evaporate quickly if costs spiral out of control.

After Suncor experienced cost overruns on an expansion initiative known as Project Millennium, we fundamentally changed our approach to project management. Suncor formed our own Major Projects group to oversee capital projects worth more than \$20 million. Guided by this in-house group of experts in engineering, procurement

and construction, Suncor now takes a multi-year phased approach to growth that allows us to develop projects in smaller, more manageable pieces.

This rigorous step-by-step approach allows Suncor to control costs, reduce delays and more efficiently plan our construction requirements and business growth. It also helps create certainty, not just for Suncor, but also for our employees, contractors and other stakeholders who depend on economic activity in the oil sands.

SIX STEPS TO MANAGING MEGAPROJECTS

TO KEEP CAPITAL COSTS UNDER CONTROL AS WE GROW, SUNCOR IS FOLLOWING A SIX-POINT PLAN

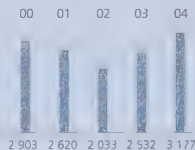
- USING AN IN-HOUSE ORGANIZATION TO MANAGE GROWTH PROJECTS ENSURES WE HAVE THE BEST PEOPLE AND BEST WORK PRACTICES
- TAKING A STAGED APPROACH TO GROWTH ALLOWS US TO CONTROL THE SIZE OF PROJECTS AND APPLY WHAT WE'VE LEARNED TO FUTURE STAGES
- KEEPING PROJECT COMPONENTS TO UNDER \$1 BILLION ALLOWS BETTER CONTROL OF BUDGETS AND SCHEDULES
- DRAWING FROM ALL AVAILABLE WORKFORCE OPTIONS FOR MAJOR EXPANSION PROJECTS HELPS MANAGE DEMAND FOR SKILLED TRADES
- BUILDING LONG-TERM RELATIONSHIPS WITH "SUPPLIERS OF CHOICE" IMPROVES OUR SERVICE AND SUPPLY CHAIN MANAGEMENT
- MEETING ADVANCE ENGINEERING MILESTONES BEFORE FABRICATION OR CONSTRUCTION BEGINS HELPS ELIMINATE COSTLY REWORKS

SUPPLIERS AND PARTNERS

Suncor views our suppliers and service providers as partners in our journey toward sustainability. In 2003 and 2004 we spent about \$5.5 billion on goods and services. During the next several years, we plan to spend more than \$3 billion per year to purchase materials and services.

That's a lot of buying power and Suncor is harnessing it to drive sustainable decision making further into the value chain. Through sustainable supply chain management, we're taking an integrated approach to choosing and working with suppliers, managing our projects and operations and handling inventory. In particular, we seek to form long-term relationships with suppliers who share our commitment to sustainability and have outstanding safety and environmental performance.

Purchase of
Goods and
Services
(\$ millions)



Relationships with Aboriginal Entrepreneurs

Suncor works closely with a number of our neighbouring Aboriginal communities to understand their vision of prosperity and ensure they share in our economic success.

In many cases, that involves identifying business opportunities with Aboriginal entrepreneurs and committing to purchase agreements. Suncor benefits from the proximity and local knowledge of our suppliers, while Aboriginal businesses and communities share in the financial rewards of resource development.

Suncor spent \$166 million on direct purchases from Aboriginal businesses in the Wood Buffalo region in 2003 and 2004. That figure does not reflect indirect purchases through distributors and suppliers, or purchases by Suncor contractors.

As we grow our business, Suncor will continue to look for opportunities to engage Aboriginal businesses through our own network of contractors and through groups such as the Northeastern Alberta Aboriginal Business Association.



NEW USES FOR OLD TIRES

THE FUTURE LOOKS BRIGHT FOR CUTTINGEDGE TIRE RECYCLING, AN ATHABASCA CHIPEWYAN FIRST NATION JOINT VENTURE IN FORT MCMURRAY THAT IS CANADA'S ONLY RECYCLER OF THE GIANT TIRES FROM HEAVY HAUL TRUCKS.

SUNCOR HELPED CUTTINGEDGE GET STARTED IN THE BUSINESS BY OFFERING LAND, POWER AND DIESEL FUEL TO RUN THEIR EQUIPMENT AND, MOST IMPORTANT, LARGE STOCKPILES OF USED TIRES. IN EXCHANGE, CUTTINGEDGE IS HELPING SUNCOR FIND NEW USES FOR HUNDREDS OF TONNES OF WASTE MATERIALS.

BEGINNING IN THE SPRING OF 2005, HUNDREDS OF THESE RUBBER TIRES, EACH STANDING ABOUT THREE METRES HIGH, WILL FIND THEIR WAY TO THE ALBERTA RECYCLING MANAGEMENT ASSOCIATION FOR USE IN PRODUCTS SUCH AS INTER-LOCKING PATIO BRICKS AND FLOORING MATS FOR LIVESTOCK

OTHER OIL SANDS DEVELOPERS HAVE ALSO AGREED TO PROVIDE CUTTINGEDGE WITH THEIR STOCKPILES ONCE THEY ARE UP AND RUNNING. CUTTINGEDGE EXPECTS TO PROVIDE FULL-TIME WORK FOR THREE OR FOUR PEOPLE

ADDRESSING THE CHALLENGES OF GROWTH



ADDRESSING THE CHALLENGES OF GROWTH

The Regional Municipality of Wood Buffalo is home to our oil sands operation and its 2,500 employees. Fort McMurray, the only urban centre within 350 kilometres of the oil sands, is one of the fastest-growing communities in Canada. That growth is expected to continue as the oil sands industry moves toward production of three million barrels of oil per day by 2020, placing severe stress on local and regional infrastructure and social services.

As the benefits of economic growth are realized, we must also address the challenges created by growth.

The Regional Municipality of Wood Buffalo is home to our oil sands operation and its 2,500 employees. Fort McMurray, the only urban centre within 350 kilometres of the oil sands, is one of the fastest-growing communities in Canada. That growth is expected to continue as the oil sands industry moves toward production of three million barrels of oil per day by 2020, placing severe stress on local and regional infrastructure and social services.

Suncor is a leading participant in the Athabasca Regional Issues Working Group (RIWG), which includes representatives of oil sands developers and the Regional Municipality of Wood Buffalo. Among its many initiatives, RIWG has developed and presented a business case to the Alberta government for increased infrastructure investment.

RIWG's business case argues that adequate infrastructure is key to quality of life in the Fort McMurray region and that failure to improve infrastructure could delay oil sands projects and increase costs. RIWG is requesting a \$1.2-billion provincial program of upgrading roads, health, education, housing and civic necessities such as sewage disposal. The group also requests more timely transfer of Crown lands to the region, infrastructure funding to address the region's critical gaps in 2005 and 2006 and changing the funding formulas and planning mechanisms to better address high-growth regions in the province.

Suncor is also investing significantly in the community. In addition to the taxes and royalties paid to governments, we also contributed more than \$7 million directly to community projects in the Wood Buffalo region in the past five years through the Suncor Energy Foundation. Many of the Foundation's initiatives featured multi-year funding commitments that focus on building capacity in the region.

Among the beneficiaries of these regional investments were: Habitat for Humanity, Keyano College, the Fort McMurray YMCA day care and school-based science and literacy initiatives – programs that build capacity and deliver essential services in a rapidly growing community.



Shadia and Brenda: Unleashing Green

Shadia and Brenda are a husband and wife team who have been instrumental in helping to develop and implement a number of environmental and social responsibility initiatives at Suncor. They have worked closely with the company's community relations and environmental departments to develop and implement a number of initiatives, including the Suncor Foundation and the Suncor Environmental Fund.

DEALING WITH SOCIAL IMPACTS OF ECONOMIC GROWTH

While the Wood Buffalo region enjoys many benefits from oil sands growth, it also faces some unique stresses. In addition to our lobbying efforts with regional groups and the Alberta government, here are some of the ways Suncor is helping to address those issues:

Issue

How Suncor is helping

High housing costs and tight supply

Providing accommodation for construction workers at camps near our project sites.
Working with local and provincial governments to advance land release in an effort to spur larger housing developments and increase availability.

Road safety and increased traffic congestion

Paid busing for employees and contractors.
Ensuring safe access to Suncor's new upgrading site from Highway 63.
Promoting safe driving practices among Suncor employees and contractors.

Emergency services capacity to respond to industrial incidents

Providing on-site fire protection and ambulance services.
Extending mutual aid agreements with fire departments of other operators.

Need for increased funding and infrastructure for health, education and recreation

Support through the Suncor Energy Foundation for various educational programs, including Keyano College.
Providing basic medical services on site.
Providing \$1 million in funding for the Northern Lights Regional Health Foundation over five years.

Increased demand for municipal services

Entering a three-year recycling education partnership with the regional municipality.
Providing detailed information about expansion plans and infrastructure needs to assist municipal planning.

Impacts on traditional lands and culture

Consulting with Aboriginal people in matters relating to stewardship of traditional lands and other issues.
Supporting Aboriginal cultural and educational initiatives.

Customers know our stakeholders demand high quality products and high standards of governance. That's why we're COMMITTED TO PROVIDING CLEAR AND COMPREHENSIVE INFORMATION ABOUT OUR SOCIAL, ENVIRONMENTAL AND ECONOMIC PERFORMANCE. We do that by providing sustainability indicators, comparing regional and national statistics, having our Sustainability Report independently audited and disclosing the performance data for full review.

Transparency, trust and confidence are built with open, honest communication.

SYSTEMIC INDICATORS

Systemic environmental indicators measure the cumulative potential environmental and social and reputational risks associated with the standard oil industry activities in the oil sands region, including the cumulative impact of our operations. We have used the most recent data and statistics available to compare our regional and national comparisons.

	REGIONAL	NATIONAL
Environmental Performance		
Greenhouse gas (GHG) emissions (2003)	7.6% of Alberta's GHG emissions (2004)	1.16% of Canada's GHG emissions (2002)
	9.4% of Alberta's upstream oil and gas sector GHG emissions	5.9% of Canada's petroleum industry GHG emissions (2002)
	27.6% of Alberta's oil sands GHG emissions	
Sulphur dioxide (SO ₂) (2003)	23.6% of oil sands regional study area SO ₂ emissions ¹	7.4% of Canada's upstream oil and gas sector SO ₂ emissions
Nitrogen oxide (NO _x) (2003)	21.6% of oil sands regional study area NO _x emissions ¹	
Area disturbed by oil sands development (2003)	0.39% of oil sands regional study area	
Boreal forest disturbed by oil sands development (2004)		0.003% of Canada's boreal forest
Fresh surface water use (2004)	12.3% of the existing surface water licence allocations from all industrial users of the Athabasca River watershed	
	Licensed water withdrawal averages 0.3% of the Athabasca River water flow on an annual basis	

Sources: Alberta Environment, Environment Canada's Greenhouse Gas Division, Canadian Association of Petroleum Producers (CAPP) Stewardship Progress Report (2004), Suncor's Voyageur and North Steepbank Mine Extension Applications to the Alberta Energy and Utilities Board (2005), Suncor's 2003 Annual Conservation and Reclamation Report, Natural Resources Canada, Canadian Boreal Initiative

¹ SO₂ and NO_x emissions in the oil sands regional study area includes all existing and currently approved industrial emission sources at full operation

OIL SANDS REGIONAL STUDY AREA

Suncor's systemic environmental indicators measure the cumulative environmental effects of the oil sands region, which includes the Alberta communities from as far north as Poplar Point to as far south as Mariana Lake and Janvier.



	REGIONAL	NATIONAL
Social Performance		
Suncor employees and long-term contractors (2004)	Suncor employs 14% of Alberta's workers in the oil and gas resource extraction industry	Suncor employs 2.6% of Canadian workers in the forestry, fishing, mining, oil and gas resource extraction industries
Lost-time injuries (2003)	Suncor's employee and contractor lost-time injuries accounted for 0.03% of the lost time injuries in Alberta	
Lost-time injury frequency (2003)	Suncor's employee and contractor lost-time injury frequency (injuries per 200,000 hours worked) was 0.22 as compared to an average lost-time injury frequency of 0.27 for the upstream oil and gas sector and 0.80 in the downstream petroleum sector	
Charitable donations (2003)	Suncor's donation to the Suncor Energy Foundation equals 21.2% of charitable donations for tax purposes from Alberta-based oil and gas companies	Suncor's donation to the Suncor Energy Foundation equals 0.64% of charitable donations for tax purposes from companies across Canada
Economic Performance		
Crude oil production (2003)	15.5% of Alberta's production	9.7% of Canada's production Suncor's crude oil sales represent 13.1% of Canada's domestic crude oil and products consumption
Natural gas production (2003)	1.4% of Alberta's production	1.1% of Canada's production Suncor's natural gas sales represent 2.6% of Canada's domestic natural gas consumption
Refined oil products (2003) ¹	13.1% of Ontario's refinery production (Sarnia refinery)	3.6% of Canada's refinery production (Sarnia refinery)
Installed wind power capacity (2004) ²	51% of Saskatchewan's installed wind capacity (SunBridge) 11% of Alberta's installed wind capacity (Magrath)	9.2% of Canada's installed wind capacity
Capital investment (2003)	5.5% of Alberta's oil and gas industry investment	3.9% of Canada's oil and gas industry investment
Royalty, bonus and lease payments (2003)	1.8% of Alberta's non-renewable resource revenue	

Sources: Government of Alberta, Alberta Workers' Compensation Board, Canadian Association of Petroleum Producers (CAPP) Stewardship Progress Report (2004), Canadian Petroleum Products Institute (CPPI), Statistics Canada, CAPP Online Statistical Toolkit, Canadian Wind Energy Association

1. State and U.S. national industry refinery production data for 2004 was not available at the time of printing. Therefore, we could not prepare a refined oil products indicator for our Commerce City refinery.

2. Suncor currently operates two wind power projects: SunBridge, in partnership with Enbridge, and Magrath, in partnership with Enbridge and EHN Wind Power Canada Inc.

AUDITORS' REPORT

TO: SUNCOR ENERGY INC.

We have audited selected corporate-wide and business unit performance indicators (as noted in bold) in Suncor Energy Inc.'s 2005 Report on Sustainability (the "Report") for the years ended December 31, 2004 and 2003. The Report, including the choice of indicators disclosed and the implementation and execution of systems to collect the required data, is the responsibility of the company's management. Our responsibility is to express an opinion on the selected performance indicators based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the selected performance indicators are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the selected performance indicators and related disclosures in the Report. Our work included, but was not limited to:

- agreeing the selected performance indicator data to source documentation;
- analyzing data trends;
- conducting interviews with individuals responsible for the data gathering and aggregation processes; and
- obtaining an understanding of the systems and processes used to collect, collate and aggregate the data.

In our opinion, the selected performance indicators are presented fairly, in all material respects, for the years ended December 31, 2004 and 2003 in accordance with the Boundary Conditions explained in the footnotes to the Report.

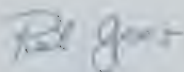
Selected corporate-wide and business unit performance indicators for the years ended December 31, 2002, 2001 and 2000 (as noted in bold) have been audited by other Chartered Accountants. Their report was dated October 1, 2003.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants
Calgary, Alberta, Canada
May 6, 2005

REPORT OF MANAGEMENT

social, environmental and economic performance



Rick George
President and Chief Executive Officer
Suncor Energy Inc.

Transparency and Objectivity In addition to providing a description of the reliability of the corporate data, the report also includes the performance table on page 32 to 34, which provides a clear and concise summary of the data. The report also includes a list of areas of strength and opportunities for improvement.

AUDITORS' OBSERVATIONS

AREAS OF STRENGTH

- The report preparation process at the corporate division was found to be well refined with good practices around data consolidation, verification and error prevention. This contributed significantly toward upholding the integrity of the reported data.
- The company has made a concerted improvement in addressing inconsistencies among its businesses in the definitions and calculation methodologies for the performance indicators.
- A positive culture toward reporting all compliance-related information was apparent. This was evident in the robust processes in place for reporting regulatory contraventions and major incidents.

AREAS FOR IMPROVEMENT

- The lack of formalized data reporting processes for several indicators created gaps in the continuity of data. The establishment of set processes for reporting will assist in minimizing data continuity disruption despite changes in staffing that may occur.
- Reliance on third parties for outsourced management of data was found to be high for certain indicators. Strengthened checking and monitoring of data received from third parties contracted to conduct data management would reduce the risk of errors or omissions.

- An internal data review process at the sites reporting data to the corporate division should be implemented. Data collectors should be assigned a peer reviewer to check data before it is sent to the corporate office. This would allow for the addressing of errors at an earlier stage in the data reporting process.

The areas for improvement identified result in inefficiencies in both the consolidation and auditing of the performance indicators, but are not believed to have a material effect on the reported performance data.

BOUNDARY CONDITIONS

The data reported in this report is based on the information provided by the company.

The data reported in this report is based on the information provided by the company. Suncor Energy Marketing Inc. and Suncor Energy Products Inc. are included as part of Energy Marketing and Refining - Canada.

The data reported in this report is based on the information provided by the company. Suncor Energy Marketing Inc. and Suncor Energy Products Inc. are included as part of Energy Marketing and Refining - Canada.

business and are used to continuously improve performance.

Understanding the indicators: While data for performance indicators was either not available or current calculation methodologies differed, a number of items were used in the calculation making inter-annual comparisons difficult, a line item, (—) appears in the table. Data entries for 2003 and 2004 that are in bold have been audited by Deloitte & Touche LLP. Indicators for 2000, 2001 and 2002 that are in bold have been audited by KPMG LLP and 2003 audited by Arthur Andersen LLP. A number of the indicators and color highlights the rows containing data taken directly from the audited annual report with a number of indicators calculated by our. Several footnotes appear throughout this section to provide clarity on the data, boundary conditions, changes in methodology, definitions and how to get more information.

SUNCOR-WIDE PERFORMANCE INDICATORS^A

ENVIRONMENT	00	01	02	03	04	
PRODUCTION						A The summary of Suncor-wide performance indicators includes Refining and Marketing – U.S.A. (R&M) figures since August 2003 for the economic indicators, however statistics for the environment and social indicators reflect only 2004
Upstream processed volumes and gross production (thousand barrels of oil equivalent/day) ^B	169.2	173.7	258.2	272.1	284.0	
Upstream processed volumes and gross production (thousand m ³ of oil equivalent/day) ^B	26.9	27.6	41.0	43.2	45.1	B The sum of processed volumes from Natural Gas (NG) (gross volumes are gross processed volumes multiplied by a factor set out in Canadian Association of Petroleum Producers (short-form methodology) and gross production from Oil Sands
Downstream production (thousand m ³ refined product/day) ^C	12.3	11.7	11.9	11.9	29.9	
Total upstream and downstream production (thousand m ³ /day) ^D	39.2	39.3	52.9	55.1	75.0	
AIR EMISSIONS^E						C Gross production of refined product from Energy Marketing and Refining – Canada (EM&R) and R&M
Greenhouse gas (GHG) (thousand tonnes CO ₂ equivalent/year) ^F	6 876	7 352	8 810	8 864	10 391	D The sum of upstream production (see Note B) and downstream production that is used as the denominator in calculating company-wide emission intensities as it represents emissions associated with total plant throughput as opposed to only saleable product
GHG emission intensity (tonnes CO ₂ equivalent/m ³ total production) ^G	0.481	0.512	0.456	0.441	0.378	E Emissions from the production of crude oil, natural gas, natural gas liquids and refined products. Emissions from product consumption by others are not included
Sulphur dioxide (tonnes/day)	65.0	78.3	73.6	65.2	83.5	F GHG numbers include direct and indirect emissions. For a detailed account of the six reported GHGs (CO ₂ , CH ₄ , N ₂ O, HFC, PFC, SF ₆) for Suncor and the methodologies used, see our annual progress reports on climate change at www.suncor.com . Numbers for 2000-02 have been recalculated. See Note B in the EM&R performance section, page 74
Sulphur dioxide emission intensity (kg/m ³ total production)	1.66	1.99	1.39	1.18	1.11	
Nitrogen oxides (tonnes/day)	51.7	57.0	40.8	43.5	53.2	
Nitrogen oxides emission intensity (kg/m ³ total production)	1.32	1.45	0.77	0.79	0.71	
Volatile organic compounds (VOC) reported to NPRI (tonnes/day) ^H	—	—	60.0	90.7	62.9	
Benzene (tonnes/year)	104.3	103.3	93.7	84.2	85.8	
NPRI on-site releases reported (thousand tonnes/year) ^H	—	—	69.3	78.7	—	
TRI on site releases reported (U.S.) (tonnes/year) ^H	—	—	—	—	16.5	
ENERGY CONSUMPTION						G Calculated using gross production from Oil Sands and EM&R, and processed volumes from NG to be consistent with the methodology used in Suncor's annual progress reports on climate change
Energy use (million gigajoules/year)	80.4	93.3	111.9	114.3	130.4	
Energy intensity (gigajoules/m ³ total production)	5.60	6.50	5.79	5.68	4.75	H A substantial number of changes were made to Canada's National Pollutant Release Inventory (NPRI) requirements in 2002, significantly increasing the total NPRI site releases. To view Suncor's submission to the NPRI, visit www.ec.gc.ca/pdb/npri and for the U.S. Toxics Release Inventory (TRI) program, visit www.epa.gov/tri
WATER USE^I						
Water withdrawal (million m ³)	74.0	87.8	95.9	80.6	81.4	I Water use is included from Oil Sands, EM&R and R&M. Water use was calculated using methodology provided in the Global Reporting Initiative (GRI) Water Protocol
Surface water returned (million m ³)	65.1	59.1	39.8	29.4	37.2	
Total water retained/used (million m ³)	8.9	28.7	56.1	51.2	44.2	
Water withdrawal intensity (m ³ /m ³ production)	5.17	6.12	4.97	4.01	2.97	

ECONOMIC (continued)

	00	01	02	03	04
INVESTMENTS					
* Capital and exploration expenditures (\$ millions)	1 998	1 678	877	1 316	1 846
Research and development (\$ millions) ^X	17.0	37.1	15.0	8.6	—
Distribution to providers of capital (\$ millions)	226	252	259	271	255
Dividends paid on preferred securities	47	48	48	45	9
Dividends paid on common shares	71	72	73	81	97
Share capital issued under dividend reinvestment plan	4	3	4	6	6
Interest payment on debt	104	129	134	139	143
Debt/debt plus shareholders' equity (%)	48.1	53.5	44.2	36.3	31.4
PURCHASES					
Goods and services (\$ millions) ^Y	2 903	2 620	2 033	2 532	3 177
Purchased in Canada	2 682	1 993	1 544	2 450	3 072
SOCIAL					
HEALTH AND SAFETY ^Z					
Employee lost-time injury frequency ^{AA}	0.34	0.16	0.33	0.38	0.20
Contractor lost-time injury frequency ^{AA}	0.45	0.37	0.32	0.10	0.14
Employee recordable injury frequency ^{BB}	1.36	1.40	1.84	1.49	1.30
Contractor recordable injury frequency ^{BB}	2.68	2.02	2.45	1.61	1.71
Employee and contractor fatalities	1	0	0	1	0
MAJOR PROJECTS ^{CC}					
Employee and contractor lost-time injury frequency	—	—	0.13	0.04	0.18
Employee and contractor recordable injury frequency	—	—	1.96	1.39	1.94
Employee and contractor fatalities	—	—	0	0	0
EMPLOYEE RELATIONS ^{DD}					
Employee turnover (%) ^{EE}	5.5	4.2	4.1	3.1	7.1
Employee and Family Assistance Program (% utilization) ^{FF}	11.9	11.4	11.6	17.2	17.7
Educational assistance plan (\$ thousands) ^{GG}	1 655	202	206	176	157
Scholarships for employee dependants (\$ thousands) ^{HH}	245	254	204	362	343

X 2002 numbers have been restated to reflect more accurate data on research and development (R&D), which is not available until 18 months after year end, in accordance with the Canada Customs and Revenue Agency (CCRA) The R&D application for 2004 is pending.

Y Includes international purchases and excludes purchases of crude oil

Z Data includes Oil Sands, NG, EM&R, and Suncor Energy Marketing inc. beginning in 2001. Data beginning in 2002 also includes Major Projects. Data includes R&M beginning in 2004. Note that R&M adheres to a more stringent classification under Occupational Safety and Health Administration (OSHA). Suncor did not normalize these numbers to meet the OSHA classification since R&M only accounts for approximately 6.3% of Suncor's overall statistics.

AA A lost-time injury requires medical attention and results in an employee being absent from work on the next regularly scheduled work day or any subsequent work day. Lost-time injury frequency is the number of such injuries per 200,000 hours worked.

BB Recordable injuries include lost-time injuries as well as medical aid injuries. Medical aid injuries require medical attention but do not result in an employee being absent from work. Recordable injury frequency is the sum of lost-time and medical aid injuries per 200,000 hours worked.

CC MP began to track lost-time injury frequency and recordable injury frequency at its inception in 2002. The group is primarily made up of contractors. These statistics are rolled into company-wide statistics.

DD Deloitte & Touche LLP did not audit specific indicators in the Employee Relations, Workforce and Workplace Diversity sections for Suncor's Canadian operations. Over the last year, numerous audits have been conducted with the implementation of a business integration system and to ensure alignment with the Sarbanes-Oxley Act.

EE Employee turnover is defined as the percentage of employees who leave the organization voluntarily in a given year.

FF The Employee and Family Assistance Program is an anonymous counseling service available to employees and their families. Statistics do not include R&M since a different service is available to employees in the U.S. See page 81 for details.

GG Suncor supports the development of employees through an educational assistance program.

HH Suncor supports a scholarship program for Suncor dependants. A program for U.S. employee families is under development.

SOCIAL (continued)	00	01	02	03	04	
WORKFORCE						
Suncor employees	3 043	3 307	3 422	4 231	4 605	II Long-term contractors are contractors who are in a full-time equivalent job for several years. They are often maintenance or construction positions. Contractors for MP are also included.
Long-term contractors ^{II}	663	926	1 106	2 020	2 783	
Employee wages (\$ millions) ^{II}	260.9	270.6	344.3	369.0	463.8	II Employee wages are defined as all monetary compensation to employees, including straight time wages, overtime and bonus payments (perquisite accounts, special payments, leases and excess credits). As of 2003, wages no longer include tuition reimbursements, which are classified as a separate item under benefits. In addition, stock options and performance share unit information are also no longer included in wages or benefits, but can be found in Suncor's annual financial reports.
Employee benefits (\$ millions) ^{KK}	37.8	41.2	44.9	13.7	25.6	KK Employee benefits are employer paid contributions, premiums to pension, benefits and savings (e.g., health, dental, savings contributions), long-term disability, life and accident insurance and the employee assistance program. As of 2003, stock options and performance share unit information are no longer included in wages or benefits, but can be found in Suncor's annual financial reports.
EQUAL OPPORTUNITIES AND DIVERSITY						
Workforce diversity (% of total workforce) ^{LL}						LL Workforce diversity numbers are calculated based on information provided voluntarily by employees.
Aboriginals/American Indians	6.6	7.0	7.5	6.9	5.5	
Visible minorities	6.3	6.8	6.8	6.9	9.7	
Persons with disabilities ^{MM}	2.4	1.9	1.9	1.6	1.6	MM This indicator is for Canadian operations only; it is illegal, prohibited from being asked of any U.S. employees.
Women	18.8	19.4	19.4	19.8	23.1	NN As part of Suncor's implementation of new business processes, the definition of management was redefined in 2003. Management is now classified as an individual who is a front line or mid-level manager, or is a member of the management committee or corporate committee.
Women in management (%) ^{NN}	19.3	14.9	15.7	13.2	17.2	OO In-kind donations, including office furniture, computer equipment and diesel fuel.
COMMUNITY RELATIONS (\$ thousands)						
Suncor's donation to the Suncor Energy Foundation (SEF)	2 761	3 733	5 000	6 960	7 610	PP Volunteer time is reported by employees to Suncor on a voluntary basis. The hours shown generally represent time spent by employees volunteering in the community.
Suncor's community investment outside the SEF	282	504	468	634	936	QQ Suncor established the Suncor Energy Foundation (SEF) in March 1998. The SEF is limited to providing donations to Canadian organizations, including employee and retiree programs.
Suncor's in-kind donations ^{OO}	—	43	616	172	336	RR The SEF provides grants to Suncor employees and retirees in recognition of their volunteer service with a Canadian charitable organization.
Volunteer time (hours) ^{PP}	—	—	10 298	13 484	11 330	SS The SEF matches Suncor employee and retiree donations to Canadian post-secondary institutions to a maximum of \$1,000 per year.
Suncor employees	—	—	5 223	5 181	11 330	TT The SEF provides donations to United Way chapters across Canada in recognition of contributions made by Suncor employees and retirees.
Suncor retailers	—	—	5 075	8 303	9 400	
* Suncor Energy Foundation (\$ thousands) ^{QQ}	2 826	3 414	4 547	5 289	5 835	
DISTRIBUTION BY FOCUS AREA						
* Environment	810	858	1 231	1 520	905	
* Education	780	1 276	1 497	1 579	1 755	
* Community	1 236	1 279	1 820	2 191	3 176	
DISTRIBUTION BY REGION						
Calgary and area	505	563	890	1 272	1 688	
Ontario	583	651	829	906	898	
Fort McMurray/Wood Buffalo region	833	943	1 193	1 848	2 195	
National	905	1 256	1 636	1 314	1 054	
SEF community service grants ^{RR}	145	166	203	248	111	
SEF matching grants ^{SS}	16	19	20	9	17	
UNITED WAY						
SEF United Way donations ^{TT}	320	353	353	400	401	
Suncor employee and retiree contributions	627	715	839	915	1 113	

OIL SANDS PERFORMANCE INDICATORS

ENVIRONMENT	00	01	02	03	04 ^A
PRODUCTION					
Gross production (thousand barrels of oil/day) ^B	117.1	127.2	210.1	220.3	230.5
Gross production (thousand m ³ of oil/day) ^B	18.6	20.2	33.4	35.0	36.6
AIR EMISSIONS					
Greenhouse gas (GHG) (thousand tonnes CO ₂ equivalent/year) ^C	5 352	5 878	7 358	7 397	8 256
GHG emission intensity (tonnes CO ₂ equivalent/m ³ production)	0.788	0.797	0.604	0.579	0.616
Ozone-depleting substances (kg of CFC11 equivalent/year)	21.6	27.0	7.5	22.2 ^D	8.3
Sulphur dioxide (tonnes/day)	49.1	64.1	60.3	51.1	67.6
Sulphur dioxide emission intensity (kg/m ³ production)	2.64	3.17	1.81	1.46	1.85
Nitrogen oxides (tonnes/day) ^E	47.3	52.3	36.2	34.4	43.1
Nitrogen oxides emission intensity (kg/m ³ production)	2.54	2.59	1.08	0.98	1.18
Volatile organic compounds (VOC) reported to NPRI (tonnes/day) ^F	—	—	58.2	86.8	58.7
VOC emission intensity (kg/m ³ production)	—	—	1.70	2.48	1.60
Benzene (tonnes/year)	21.1	20.5	25.3	14.8	19.0
Toluene (tonnes/year)	122.2	114.7	176.9	194.7	175.0
Ethylbenzene (tonnes/year)	42.7	41.3	61.8	57.8	56.0
Xylene (tonnes/year)	197.5	204.8	304.5	300.2	277.0
NPRI on site releases reported (tonnes/year)	1 239	1 280	58 631	65 249	—
Flared gas (million m ³ /year) ^G	29.1	43.2	60.3	47.8	51.9
Flared gas intensity (m ³ /m ³ production)	4.27	5.85	4.95	3.74	3.87
Heating value of gas flared (million gigajoules)	1.20	1.95	2.67	1.64	2.5
ENERGY CONSUMPTION					
Energy use (million gigajoules) ^H	59.7	73.3	92.1	94.6	105.0
Energy intensity (gigajoules/m ³ production)	8.77	9.93	7.56	7.40	7.83
WATER USE ^I					
Water withdrawal from the Athabasca River (million m ³)	42.5	56.4	67.2	59.2	56.0
Water drawn from water wells (million m ³)	—	0.1	0.1	0.1	0.2
Total water withdrawn (million m ³) (new indicator)	42.5	56.5	67.3	59.3	56.2
Water withdrawal intensity (m ³ /m ³ production)	6.2	7.6	5.5	4.6	4.2
Water returned to the Athabasca River (million m ³)	30.5	24.0	7.9	4.8	9.4
Water retained/used (million m ³)	12.0	32.5	59.4	54.5	46.8
Water retained/used intensity (m ³ /m ³ production) (new indicator)	1.8	4.4	4.9	4.2	3.5

See 'Suncor-wide Performance Indicator tables for additional notes

A Beginning in 2004, data for Oil Sands includes our in-situ operation, where appropriate

B Gross production includes product that is internally consumed as well as product lost through practices such as flaring. Gross production volume is used to calculate emission intensities since it represents emissions associated with total plant throughput as opposed to only saleable product. Gross production differs from net production in the economic performance section of this table

C GHG emissions have been calculated based on the methodology from the American Petroleum Institute (API) and modified where necessary to accommodate the uniqueness of the oil sands processes and where no industry standard exists. API logic is applied in these circumstances. Environment Canada emission factors are used for N₂O calculations

D The increase of ozone depleting substance CFC11 is attributed to a few large R22 releases in 2003 in addition to a change in the reporting requirements. R22 is a refrigerant

E NO_x emissions reported are site-wide NO_x emissions as reported to Alberta Environment

F Data for 2004 is an estimated number

G Flared gas includes emergency and non-emergency flaring

H Includes combustion of petroleum coke, natural gas and internally produced fuels, flaring and electrical power imports

I Water data is actual data collected on site. Total water withdrawn, a new indicator in this report, is the total of both surface water withdrawn from the Athabasca River and groundwater withdrawal. Water retained/used refers to the total water withdrawn minus the water returned. Water retained/used on an intensity basis, also a new indicator, represents water use on a production basis. Methodology is consistent with the methodology outlined in the Global Reporting Initiative (GRI) Water Protocol

ENVIRONMENT (continued)	00	01	02	03	04 ^A
WATER DISCHARGE QUALITY ^J					
Oil and grease (tonnes)	24.6	13.0	5.0	4.4	3.3
Total suspended sediment (tonnes)	117.2	86.0	14.7	22.3	6.6
Chemical oxygen demand (tonnes)	345.4	203.3	37.4	57.0	0 ^J
Phenol (tonnes)	0.08	0.05	0.02	0.03	0 ^J
Metals in effluent (tonnes)	8.33	8.04	0.86	1.41	0 ^J
WASTE MANAGEMENT					
Hazardous waste disposed off site (thousand tonnes) ^K	—	—	—	1 646	1 747
Non-hazardous waste disposed off site (tonnes)	135	0	0	179	0
Hazardous waste disposed on site (tonnes)	5 524	19 676	210	0	0
Non-hazardous waste disposed on site (tonnes) ^L	92 346	47 503	44 188	—	—
Waste reused/recycled/recovered off site (tonnes) ^M	4 017	5 385	3 177	12 311	16 989
Waste reused/recycled/recovered on site (tonnes) ^M	765	1 310	1 182	951	9 720
LAND DISTURBANCE AND RECLAMATION					
Total land leaseholdings for potential development (hectares) ^N					
Mineable oil sands ^O	37 373	37 373	37 373	82 045	82 045
In-situ ^O	77 790	109 150	136 670	109 022	109 022
Total landholdings approved for development (hectares) ^N					
Mineable oil sands	16 116	16 116	16 116	16 116	16 116
In-situ	19 036	19 036	19 036	19 036	19 036
Total land disturbed (cumulative hectares) ^P	6 931	7 326	7 610	8 007	9 654
Land reclaimed (cumulative hectares)	626	675	732	828	858
Combined surface area of tailings ponds (hectares)	823	1 355	2 100	2 062	2 280
Number of tailings ponds	—	8	9	9	9
COMPLIANCE					
Major incidents	2	6	4	1	3
Regulatory contraventions	84	141	118	144	151
Air quality	14	16	24	32	36
Water effluent exceedances	0	0	0	0	0
Reportable spills (new indicator) ^Q	—	—	—	32	35
Spills to Athabasca River	1	0	0	1	0
Regulatory fines (\$ thousands)	0	0	0	0	—
EH&S MANAGEMENT					
EH&S professionals on staff	34	40	40	41	43

^J Water discharge quality is sampled from two specific wastewater ponds. Both are monitored for flow, pH, total suspended solids, phenols, chemical oxygen demand (COD), oil and grease, and metals. One pond was closed in 2004.

^K As a result of changes in definitions and boundary conditions, waste generated from our in-situ operations comparable statistics prior to 2003 are not possible.

^L The increase in non-hazardous waste on site in 2004 is attributed to storing drill waste in the tailings ponds and additional domestic waste disposed in a landfill.

^M The increase of on-site reuse/recycling/recovery is attributed to the acceptance of drill waste from in-situ operations. The drill waste that is more than 8% bitumen is put through the extraction process.

^N Note: land leaseholdings for potential and approved development have been split between Oil Sands and our in-situ operations.

^O Effective July 31, 2003, Suncor acquired 12,918 hectares from Unocal Corporation. Additional permits and leases were transferred from Suncor's in-situ operations to Oil Sands in 2003, accounting for the changes seen in 2003 and 2004.

^P The increase in 2004 is attributable to the 1,140.8 hectares of land disturbed in-situ operations.

^Q A reportable spill is an unplanned or accidental event resulting in a release of material either into the environment or into a location which does not usually contain the material.

ECONOMIC

00 01 02 03 04

PRODUCTION

Net production (thousand barrels of oil/day) ^R	113.9	123.2	205.8	216.6	226.5
Net production (thousand m ³ of oil/day) ^R	18.1	19.6	32.7	34.4	36.0

^R Net production is product available for sale. Figures are consistent with those found in Suncor's annual financial reports. Net production differs from gross production in the Oil Sands environmental performance section.

^S For complete disclosure and additional information see our 2004 annual financial report at www.suncor.com.

FINANCIALS ^S

* Earnings (\$ millions)	303	273	782	888	995
* Cash flow from operations (\$ millions)	655	486	1 475	1 803	1 752
Tax and royalty credits received (\$ thousands) ^T	—	2 054	235	—	—

^T Investment Tax Credit on Scientific Research and Experimental Development Expenditures. Applications for 2003 and 2004 are still pending.

^U Research and Development costs for 2002 were restated as more accurate data became available. Typically, data is not available until 18 months after year end. Applications for 2003 and 2004 are still pending.

INVESTMENTS

* Capital and exploration expenditures (\$ millions)	1 808	1 479	617	948	1 118
Research and development (\$ millions) ^U	10.9	10.3	6.6	—	—

^V Local businesses/suppliers are those established in the Regional Municipality of Wood Buffalo.

^W Aboriginal businesses include those either established or considering establishing in the Regional Municipality of Wood Buffalo and with 50% ownership by Aboriginal people.

PURCHASES

Goods and services (\$ millions)	2 510	2 203	1 574	2 053	2 486
Goods and services purchased in or from (\$ millions)					
Canada	2 292	1 588	1 098	1 986	2 403
Local businesses/suppliers ^V	99.8	495.7	394.4	414.3	447.1
Aboriginal businesses/suppliers ^W	79.6	90.6	58.3	78.5	88.0

SOCIAL	00	01	02	03	04	
HEALTH AND SAFETY						
Employee lost-time injury frequency	0.14	0.13	0.31	0.30	0.16	X Compares Oil Sands lowest full-time base wage to the Province of Alberta's minimum wage of \$5.90/hour
Contractor lost-time injury frequency	0.42	0.27	0.29	0.07	0.07	Y Compares Oil Sands average full-time base wage to the Province of Alberta's minimum wage of \$5.90/hour
Employee recordable injury frequency	1.49	1.31	1.87	1.65	1.36	Z Includes support of the educational assistance plan that reimburses tuition upon successful completion of a course or program
Contractor recordable injury frequency	2.56	1.83	2.63	1.25	1.35	
Employee and contractor fatalities	1	0	0	0	0	AA The rise in percent utilization from 2000 to 2001 is due to a change in methodology. Since 2001, statistics have been provided by the Personal Support Network Statistical Report
On-site responses by Oil Sands emergency services	625	591	788	639	671	
Off-site responses by Oil Sands emergency services	56	15	48	21	28	
EMPLOYEE RELATIONS						
Ratio of lowest wage to minimum wage ^X	2.8	2.7	2.9	2.6	2.4	BB Oil Sands experienced an increase in employee turnover rate as a result of increased employment options in northern Alberta associated with growth of the oil sands industry
Ratio of average wage to minimum wage ^Y	5.5	5.4	5.8	5.9	6.1	
Ratio of jobs offered to jobs accepted	1.20	1.22	1.15	1.17	1.22	CC Average workforce age has been added as a new indicator to help us better understand our workforce and effectively manage succession planning
Training and development (\$ thousands) ^Z	1 459	878	770	785	1 010	
Employee turnover (%) ^{AA}	5.4	5.1	5.3	3.1	6.6	
Employee and Family Assistance Program (% utilization) ^{BB}	12.9	11.5	11.8	20.2	22.0	
WORKFORCE						
Suncor employees	2 057	2 302	2 502	2 290	2 523	
Long-term contractors	490	715	819	937	1 182	
Employee wages (\$ millions)	176.2	182.5	226.4	241.5	263.9	
Employee benefits (\$ millions)	19.9	21.9	25.6	8.8	9.90	
% of workforce unionized	—	60.9	67.0	67.0	61.0	
Average workforce age (years) (new indicator) ^{CC}	—	—	—	—	41	
EQUAL OPPORTUNITIES AND DIVERSITY						
Workforce diversity (as % of total workforce)						
Aboriginals	9.3	10.3	10.8	10.1	9.2	
Visible minorities	6.1	6.6	6.3	6.3	7.1	
Persons with disabilities	2.6	2.2	2.1	1.8	1.8	
Women	14.5	14.0	14.1	13.8	14.8	
Women in management (%)	7.9	7.3	8.6	5.5	6.6	

NATURAL GAS AND RENEWABLE ENERGY PERFORMANCE INDICATORS

ENVIRONMENT	00	01	02	03	04
PRODUCTION					
Processed volume ^A					
thousand barrels of oil equivalent/day	52.1	46.5	48.1	51.8	53.5
thousand m ³ of oil equivalent/day	8.3	7.4	7.6	8.2	8.5
AIR EMISSIONS					
Greenhouse gas (GHG) (thousand tonnes CO ₂ equivalent/year) ^B	556	536	489	465	491
GHG emission intensity (tonnes CO ₂ equivalent/m ³ production) ^B	0.183	0.199	0.175	0.155	0.158
Sulphur dioxide (tonnes/day) ^C	9.6	8.0	6.8	7.0	6.5
Sulphur dioxide emission intensity (kg/m ³ production)	1.16	1.08	0.88	0.85	0.76
Nitrogen oxides (tonnes/day) ^C	1.81	2.14	2.10	6.42	6.56
Nitrogen oxides emission intensity (kg/m ³ production)	0.22	0.29	0.27	0.78	0.77
Volatile organic compounds (VOC) reported to NPRI (tonnes/day)	—	—	0.2	2.6	2.7
VOC emission intensity (kg/m ³ production)	—	—	0.02	0.3	0.3
Benzene (tonnes/year)	66.2	60.5	56.6	58.1	60.4
NPRI on site releases reported (tonnes/year)	0.14	0.14	3 764	6 973	6 831
Total gas flaring (million m ³ /year)	16.2	12.2	7.4	4.4	4.8
Solution gas flaring (million m ³ /year)	4.9	3.0	1.5	1.0	1.0
Other flaring sources (million m ³ /year)	11.3	9.2	5.9	3.4	3.8
Gas flaring intensity (m ³ /m ³ oil equivalent production) (new indicator)	5.3	4.5	2.7	1.5	1.5
ENERGY CONSUMPTION					
Energy use (million gigajoules)	4.7	4.5	4.0	3.8	4.2
Energy intensity (gigajoules/m ³ production)	1.53	1.68	1.42	1.28	1.35
ENERGY GENERATION					
Wind energy generation (MW) ^D	—	—	11	11	41
WATER USE ^E					
Water withdrawal (million m ³) ^F	—	1.19	0.80	0.68	0.76
Water returned (million m ³)	—	0.05	0.04	0.02	0.03
Produced water (million m ³) (new indicator) ^G	—	—	—	2.25	1.97

See Suncor-wide Performance Indicator tables for additional notes

A Represents the total amount of hydrocarbons processed, including production owned by Suncor as well as product owned by others and processed by Suncor. These gross volumes are gross processed volumes multiplied by a factor set out in Canadian Association of Petroleum Producers short-form methodology. Processed volume is used to calculate emission intensities.

B Figures have been adjusted to reflect divestments in conventional oil properties beginning in 2000.

C Figures include those facilities that operate with approval issued by Alberta Environmental Protection as well as facilities required to report to Environment Canada under the NPRI. SO₂ emissions generated from Suncor's sour gas processing at joint venture and third party facilities is reported by the facility operator.

D Suncor currently operates two wind power projects, SunBridge, in partnership with a subsidiary of Enbridge Inc. (commissioned in 2002, with a total installed capacity of 11 megawatts (MW)) and Magrath, in partnership with Enbridge and EHN Wind Power Canada Inc. (commissioned in 2004 with a total installed capacity of 30 MW). This is gross MW capacity of these wind power projects, not net to Suncor.

E There have been some changes to the water use indicators for 2003 and 2004. Produced water was added. Water retained/used was removed as an indicator after recent methodology analysis revealed that the sources for water retained versus water used are not the same, therefore, the data should not be divided.

F More than 95% of the surface water is withdrawn from the Deep Valley Creek as part of the operation of the Simonette sour gas processing facility east of Grande Prairie. The remaining amount's groundwater provided by a number of wells.

G Produced water is all formation and other water brought to the surface during the normal course of our natural gas production process.

ENVIRONMENT (continued)	00	01	02	03	04	
WASTE MANAGEMENT						
Total waste for off-site disposal	7 157	8 560	34 167	14 676	32 073	H Non-dangerous waste to off-site disposal increased significantly in 2002 forward as a result of the reclamation of the Blueberry facility flare pits. An increase in 2004 is attributed to a significant cleanup effort at the Simonette facilities. In addition, the Footnills Operations group sent drilling waste and oil-based cuttings to a landfill site.
Dangerous waste to off-site disposal (tonnes)	2 265	3 502	2 275	3 710	4 524	
Non-dangerous waste to off-site disposal (tonnes) ^H	4 892	5 057	31 892	10 966	27 549	
Waste treated on site (tonnes) ^I	2 704	0	0	0	0	
Waste to deep well disposal (thousand m ³) ^I	123	1 029	956	838	728	I Until 2000, drilling waste was collected and processed at the well site using technologies such as biocell treatment, composting and landfarming. Beginning in 2001, the treatment of waste was contracted out and hauled off site to approved landfills and approved disposal wells/caverns.
Waste reused/recycled/recovered off site (tonnes)	123	148	142	716	180	
LAND DISTURBANCE AND RECLAMATION						
Total number of producing wells ^K	—	389	427	450	526	J A significant increase in the amount of waste to deep wells reflects improved records, criteria and methodology.
Suncor-operated producing wells	216	245	264	244	282	
Shut-in wells/suspended wells ^L	118	101	105	120	117	K As a result of the new requirements of the Sarbanes-Oxley Act, data for 2003 is as of January 1, 2003, and data for 2004 is as of September 30, 2004.
Number of wells undergoing reclamation	17	75	59	71	93	
Reclamation certificates received	2	17	6	23	15	L A shut-in well is a well taken out of production by shutting off flow at the wellhead, often with the expectation of resuming production in the future. A suspended well is a shut-in well on which additional subsurface isolation procedures have been performed and which is usually taken out of production due to poor economics. If a suspended well is not brought back into production, it is taken out of service as per regulatory requirements.
COMPLIANCE						
Major incidents	2	2	0	0	0	M A fine of \$750 was paid as a result of a single incident when proper authorization was not obtained from a leaseholder prior to the company proceeding to a well site.
Regulatory contraventions	14	18	21	16	20	
Reportable spills	6	7	6	1	0	
Air quality exceedances	8	9	10	10	14	
Water effluent exceedances	0	1	0	0	0	
Spills to watercourses	0	0	0	0	0	
Regulatory fines (\$) ^M	750 ^M	3 500 ^N	0	0	0	N An administrative fine of \$2,000 was imposed by Alberta Environment Protection for a late submission of the annual wastewater report. In 2000, notice was also received from the British Columbia Ministry of Forestry regarding alleged contraventions of the Forest Practices Code Act in northwestern British Columbia. A fine of \$1,500 was assessed. Suncor's appeal was unsuccessful and a \$1,500 fine was paid.
EH&S MANAGEMENT						
EH&S professionals on staff	3	2	4	4	4	

ECONOMIC	00	01	02	03	04	
PRODUCTION						O Represents Suncor production exclusive of volumes processed on behalf of others. These values are consistent with those found in Suncor's annual financial reports but differ from the processed production volumes in the Natural Gas environmental performance section, which does include volumes processed for others.
Production ^O						
thousand barrels oil equivalent/day ^P	40.5	33.4	33.7	34.9	36.8	
natural gas (million cubic feet/day)	200	177	179	187	200	
FINANCIALS ^Q						
* Earnings (\$ millions)	95	116	34	120	115	
* Cash flow from operations (\$ millions)	238	280	164	298	319	
Tax and royalty credits received (\$ millions) ^R	—	2.9	3.5	14.9	9.6	Q For complete disclosure and additional information see our 2004 annual financial report at www.suncor.com
INVESTMENTS						R Includes the Deep Gas Royalty Holiday Program and Alberta Royalty Tax Credit
Capital and exploration expenditures (\$ millions)	127	132	163	183	279	
Research and development (\$ millions) ^S	1.3	0	0	0	—	S Research and Development costs for 2002 were restated as more accurate data became available. Typically, data is not available until 18 months after year end. Applications for 2004 are still pending.
PURCHASES						T Local businesses/suppliers are those established within the region of Natural Gas developments and operations
Goods and services (\$ millions)	229	212	216	226	282	
Goods and services purchased in or from (\$ millions)						
Canada	228	211	214	225	281	
Local businesses/suppliers ^T	222	207	211	223	278	

SOCIAL	00	01	02	03	04	
HEALTH AND SAFETY						
Employee lost-time injury frequency	0.93	0	0.53	0	0	U The number of all vehicle accidents per one million kilometres driven
Contractor lost-time injury frequency	1.14	0.75	0.73	0.27	0.26	V Compares Suncor's lowest full-time base wage in the Calgary corporate office and Natural Gas field locations to the Province of Alberta's minimum wage of \$5.90/hour
Employee recordable injury frequency	0.93	1.55	1.06	0	0	
Contractor recordable injury frequency	5.13	4.52	1.82	3.07	2.48	W Compares Suncor's average full-time base wage in the Calgary corporate office and Natural Gas field locations to the Province of Alberta's minimum wage of \$5.90/hour
Employee and contractor fatalities	0	0	0	0	0	
Vehicle accident frequency ^U	5.0	4.5	7.9	4.1	4.6	
EMPLOYEE RELATIONS						A Includes support of the Suncor educational assistance plan that reimburses tuition upon successful completion of a course or program
Ratio of lowest wage to minimum wage ^V	2.1	2.2	2.3	1.7	1.7	
Ratio of average wage to minimum wage ^W	4.8	7.1	7.0	6.6	6.8	
Ratio of jobs offered to jobs accepted	—	1.0	1.1	1.1	1.1	
Training and development (\$ thousands) ^X	379	289	374	235	329	
Employee turnover (%)	7.9	5.7	3.2	5.9	7.9	
WORKFORCE						
Suncor employees	182	192	186	188	202	
Long-term contractors	52	72	74	90	100	
Employee wages (\$ millions)	25.7	25.5	33.7	21.5	22.3	
Employee benefits (\$ millions)	5.3	3.5	3.8	1.0	1.06	
EQUAL OPPORTUNITIES AND DIVERSITY						
Workforce diversity (as % of total workforce)						
Aboriginals	0	0	0	0	0	
Visible minorities	5.1	4.8	5.4	5.3	5.4	
Persons with disabilities	2.5	2.1	2.2	2.1	2.0	
Women	28.3	32.4	33.9	35.1	38.1	
Women in management (%)	18.2	15.6	22.6	12.2		

ENERGY MARKETING AND REFINING PERFORMANCE INDICATORS

ENVIRONMENT	00	01	02	03	04
PRODUCTION					
Gross production (thousand m ³ refined product/day) ^A	12.3	11.7	11.9	11.9	12.3
AIR EMISSIONS					
Greenhouse gas (GHG) without ethanol and cogeneration reductions	1000	1113	1115	1002	1027
GHG with ethanol reductions (thousand tonnes CO ₂ E) ^C	836	783	795	836	859
GHG with ethanol and cogeneration reductions (thousand tonnes CO ₂ E) ^D	836	783	766	660	687
GHG emission intensity without ethanol and cogeneration reductions (tonnes CO ₂ E/m ³ production)	0.216	0.219	0.221	0.231	0.228
GHG emission intensity with ethanol and cogeneration reductions (tonnes CO ₂ E/m ³ production)	0.186	0.183	0.176	0.152	0.152
Sulphur dioxide (tonnes/day)	6.3	6.2	6.6	7.1	6.8
Sulphur dioxide emission intensity (kg/m ³ production)	0.51	0.53	0.55	0.60	0.55
Nitrogen oxides (tonnes/day)	2.6	2.6	2.6	2.7	2.5
Nitrogen oxides emission intensity (kg/m ³ production)	0.21	0.22	0.22	0.23	0.20
Volatile organic compounds (VOC) reported to NPRI (tonnes/day)	1.4	2.1	1.6	1.3	1.1
VOC at terminals (tonnes/year)	—	—	—	66.7	57.2
VOC emission intensity (kg/m ³ production)	0.11	0.16	0.12	0.11	0.09
Benzene (tonnes/year)	17.0	22.3	11.8	11.3	6.0
Toluene (tonnes/year)	84.5	48.7	51.6	28.6	18.1
Ethylbenzene (tonnes/year)	14.6	22.3	15.2	13.7	10.7
Xylene (tonnes/year)	50.5	92.7	67.1	46.2	38.1
NPRI on site releases reported (tonnes/year)	197	278	6 873	6 451	—
Flared gas (million m ³) (new indicator)	—	—	—	22.15	36.13
Flared gas intensity (m ³ /m ³ OE production) (new indicator)	—	—	—	5.1	8.0
ENERGY CONSUMPTION					
Energy use (million gigajoules) ^E	16.0	15.5	15.8	15.9	16.2
Energy intensity (gigajoules/m ³ production)	3.56	3.62	3.63	3.67	3.59
Electricity imports (million gigajoules)	1.00	1.02	1.01	1.06	1.04
Electricity import intensity (gigajoules/m ³ production)	0.22	0.24	0.23	0.24	0.23
Steam imports (million gigajoules)	1.03	0.92	0.95	1.03	1.15
Steam import intensity (gigajoules/m ³ production)	0.23	0.22	0.22	0.24	0.25

See Suncor-wide Performance Indicator tables for additional notes

A Gross production includes product that is internally consumed at the Sarnia refinery and is used to calculate emission intensities. It represents emissions associated with total refinery throughput as opposed to only gasoline.

B GHG emissions have been recalculated to reflect changes in electricity emissions factors.

C Includes indirect emission reductions from the use of renewable energy sources such as wind and solar. The reductions vary each year, but range from 84,000 to 168,000 tonnes of CO₂ equivalent.

D The Sarnia refinery began accessing power and steam from cogeneration in the fourth quarter of 2002, accounting for a reduction of 29,000 tonnes of CO₂ equivalent.

E Energy consumption includes natural gas firing and the import of steam and electrical power.

ENVIRONMENT (continued)	00	01	02	03	04	
WATER USE						
Water withdrawal from the St. Clair River (million m³)	31.5	31.4	28.7	21.4	23.8	F These values are composites of metered and estimated data. At the Sarnia refinery, more water is returned than drawn because additional water is collected from rainfall, snowfall, potable municipal water, condensing steam and water stripped out during the refining process.
Water returned to the St. Clair River (million m ³) ^F	34.6	35.1	31.9	24.6	27.2	
Water retained/used (million m ³) ^G	(3.1)	(3.7)	(3.2)	(3.2)	(3.4)	G This indicator is for the Sarnia refinery only.
Water withdrawal intensity (m ³ /m ³ production)	7.0	7.4	6.6	4.9	5.3	H Water used in retail stations to operate car washes, which is treated to remove harmful contaminants before returning to the sewer system.
Car wash (thousand m ³) ^H	705	723	735	680	658	
WATER DISCHARGE QUALITY						
Total suspended sediment (tonnes)	15.84	17.71	19.00	20.2	23.2	I Only waste generated by the refinery is included.
Oil and grease (tonnes)	4.06	3.53	4.46	4.38	4.00	J The increase in non-hazardous waste from 2003 to 2004 is a result of increased construction materials. The majority of the asphalt/cement has gone to a recycling facility where it can be processed and reused.
Phenol (tonnes)	0.06	0.05	0.05	0.03	0.03	
Ammonia (tonnes)	3.91	3.25	5.02	5.58	3.7	K The volume weighted annual average expressed in parts per million in 2004, the refinery began using its new gasoline desulphurization unit, installed to meet the new Canadian Federal Sulphur in Gasoline Regulations. Effective January 1, 2005, the refinery is complying with the regulation according to the year y pool average (YPA) option requirements (YPA maximum = 30 mg/kg and may never exceed 80 mg/kg on any single batch). Suncor was ahead of schedule in meeting the requirements.
WASTE MANAGEMENT						
Off-site waste disposal (tonnes) ^L	1 699	2 469	6 416	2 938	23 068	
Hazardous waste (tonnes)	308	710	1 643	383	1 413	
Non-hazardous waste (tonnes) ^L	1 391	1 759	4 773	2 555	21 655	
Waste treated on site (tonnes)	2 994	1 307	2 262	983	1 669	L Regulatory contraventions include those listed, in addition to other health and safety contraventions, Suncor Energy Marketing Inc. data and orders, under the Ontario government's Safe Water and Air Team.
Waste reused/recycled/recovered off site (tonnes)	168	281	596	817	6 223	
PRODUCTS AND SERVICES						
Ethanol blended into gasoline (thousand m ³)	191.9	227.7	245.8	244.0	260.1	M These include releases from underground petroleum equipment to the natural environment. It includes underground pipes and tanks. Typically these include incidents at retail sites from line leaks and flooding sewer systems. In previous years, these types of incidents were captured under reportable spills.
Sulphur content of gasoline (ppm) ^K	192	180	200	160	46	
COMPLIANCE						
Major incidents	0	2	1	1	1	N Typically, these include spills at retail sites and the terminals, which meet the threshold to report to the Ontario Ministry of the Environment.
Regulatory contraventions^L	22	24	20	21	22	
Leaks from underground storage tank systems ^M	0	0	0	3	1	O These include exceedances of the O. Reg. 537/93 limits and abnormal effluents.
Reportable spills ^N	7	6	6	7	5	
Water effluent exceedances ^O	5	1	2	5	6	P Spills that enter the St. Clair River directly, or spill into collection systems that exceed downstream treatment capabilities and result in the release of substances to the St. Clair River with potential to cause adverse impact.
Spills to St. Clair River ^P	1	1	1	0	0	
Volume of spills to St. Clair River (new indicator)	—	—	—	0	0	Q These include such incidents as smoke emissions from flares and heater exhaust stacks, and any abnormal emission such as fuel gas venting. These incidents require notification for reporting purposes under O. Reg. 346.
Air quality notifications (new indicator) ^Q	—	—	—	7	8	
Regulatory fines (\$)	0	0	0	406 250 ^R	0	R Suncor paid a fine of \$325,000 when we entered a guilty plea to a charge under Section 25(2) of the Occupational Health and Safety Act, Ontario in relation to a fatality at the Sarnia refinery. Specifically, the charge was failure to take the reasonable precaution of ensuring all bull plugs were maintained in place. An additional 25% surcharge was levied by the Courts Administration, which is applied to all fines more than \$1,000 under the Provincial Offences Act.
EH&S MANAGEMENT						
EH&S professionals on staff	11	11	11	15	15	
Environmental capital expenditures (\$ millions)	3	4.2	19.6	43.3	77.5	

ECONOMIC

00 01 02 03 04

PRODUCTION

S Refined product sales consist of Sarnia refinery production and other product purchases. Figures in financial reports. Refined product sales differ from gross production in the EM&R environmental performance section.

FINANCIALS

Earnings (\$ millions)	80	79	61	53	80
* Cash flow from operations (\$ millions)	174	165	112	164	188

T In 2000-01, research and development investments were primarily associated with the refinery-wide optimization project in Sarnia. Completion of this project led to a decline in such investments by 2002.

INVESTMENTS

* Capital and exploration expenditures (\$ millions)	45	54	60	122	228
Research and development investment (\$ millions) T	4.0	7.2	1.0	0	0

PURCHASES

Goods and services (\$ millions)	191.7	205.4	243.1	253.9	408.6
Goods and services purchased in Canada (\$ millions)	182.9	193.4	231.7	239.4	387.6

SOCIAL	00	01	02	03	04	
HEALTH AND SAFETY						
Employee lost-time injury frequency	0.81	0.34	0.33	0.89	0.35	U A preventable vehicle accident occurs when a vehicle makes contact with another stationary or mobile object and the contact could have been prevented had the driver employed proper defensive driving techniques
Contractor lost-time injury frequency	0	1.87	0.29	0.29	0.13	
Employee recordable injury frequency	1.29	1.88	2.00	1.42	1.57	V Compares EM&R's lowest full-time base wage to Ontario's minimum wage. In 2003, the minimum wage was \$6.85/hour. This amount was raised to \$7.15/hour as of February 2004.
Contractor recordable injury frequency	0	4.48	3.48	2.85	1.04	
Employee and contractor fatalities	0	0	0	1	0	W Compares EM&R's average full-time base wage to Ontario's minimum wage. In 2003, the minimum wage was \$6.85/hour. This amount was raised to \$7.15/hour as of February 2004.
Preventable vehicle accidents ^U	0	8	3	5	4	
EMPLOYEE RELATIONS						
Ratio of lowest wage to minimum wage ^V	2.2	2.2	2.1	1.6	1.6	X Includes support of the Suncor educational assistance plan that reimburses tuition upon successful completion of a course or program.
Ratio of average wage to minimum wage ^W	4.5	5.0	5.1	5.2	5.2	
Ratio of jobs offered to jobs accepted (<i>new indicator</i>)	—	—	—	—	1.1	Y EM&R employees for Suncor Energy Products Inc., Suncor Energy Marketing Inc., Sun-Canadian Pipe Line Company Limited and Suncor Energy Canadian Pipeline Limited Partnership (Sherwood Park).
Training and development (\$ thousands) ^X	505	564	708	502	482	
Employee turnover (%)	5.1	2.8	2.6	3.0	6.7	Z Long-term contractors include contractors at the Sarnia refinery, based on full-time equivalent staff (i.e., contractor hours worked divided by 2,080 hours, and contractors in the Toronto office.
Employee and Family Assistance Program (% utilization)	7.4	10.7	11.3	13.5	13.0	
WORKFORCE						
Suncor employees ^Y	667	605	592	605	629	
Long-term contractors ^Z	121	142	193	233	146	
Employee wages (\$ millions)	47.2	46.4	69.5	60.5	60	
Employee benefits (\$ millions)	6.6	7.8	8.5	2.5	2.7	
EQUAL OPPORTUNITIES AND DIVERSITY						
Workforce diversity (% of total workforce)						
Aboriginals	0.2	0.9	1.1	1.2	1.0	
Visible minorities	7.8	7.8	8.2	8.4	7.8	
Persons with disabilities	2.2	1.7	1.7	1.3	1.1	
Women	23.3	25.2	24.3	25.1	25.6	
Women in management (%)	27.8	17.0	18.4	16.9	22.6	

REFINING AND MARKETING – U.S.A. PERFORMANCE INDICATORS^A

ENVIRONMENT^B

PRODUCTION

Gross production (thousand m³ refined product/day) and (thousand barrels oil equivalent/day)^C

CAN 04^A

U.S. 04^A

17.6

110.9

See Suncor-wide Performance Indicator tables for additional notes

A Suncor acquired a refinery, retail stations and pipeline assets from ConocoPhillips in August 2003. Data collected for the environmental and social indicators reflects only 2004 statistics, while data for the economic indicators is as of August 1, 2003. Measures include both metric (Canada) and U.S. standard (U.S.).

B Data collected for the environmental performance indicators for Refining and Marketing – U.S.A. (R&M) is primarily from the Commerce City refinery. Information from the pipeline group and the terminals is also included, however, it accounts for a small percentage of the data.

AIR EMISSIONS

Greenhouse gas (GHG) (thousand tonnes and tons CO₂ equivalent (CO₂E))^D

617

680

GHG emission intensity (tonnes CO₂E/m³ production) and (tons CO₂E/bbl production)

0.096

0.017

Sulphur dioxide (tonnes and tons/day)

2.63

2.90

Sulphur dioxide emission intensity (kg/m³ production) and (lbs/bbl production)

0.15

0.05

Nitrogen oxides (tonnes and tons/day)

1.02

1.13

Nitrogen oxides emission intensity (kg/m³ production) and (lbs/bbl production)

0.06

0.02

Volatile organic compounds (VOC) reported to TRI

115.3

127.1

VOC emission intensity (kg/m³ production) and (lbs/bbl production)^E

0.02

0.01

Benzene (tonnes and tons/year)

0.35

0.39

Toluene (tonnes and tons/year)

0.12

0.13

Ethylbenzene (tonnes and tons/year)

0.03

0.03

Xylene (tonnes and tons/year)

0.07

0.08

TRI on site releases reported (tonnes and tons/year)^F

16.47

18.16

consumed at the refinery and is used to calculate emission intensities. It represents emissions associated with total refinery throughput as opposed to only saleable product. Gross production differs from net production in the economic performance section.

D GHG emissions have been calculated using the American Petroleum Institute methodologies.

E This includes VOCs from terminals, but does not include VOCs determined under the refinery's Leak Detection and Repair (LDAR) system. We identified some concerns about the integrity of the VOC LDAR emissions data covering late 2003 and 2004. It was reported to U.S. regulators. Data from this system will be included in future years.

F Due to the timing of the Toxic Release Inventory (TRI) reporting data to U.S. regulators (July 1, 2005), the data provided is from the 2003 TRI submission.

G Energy consumption includes natural gas firing and the import of steam and electrical power.

H Water withdrawal is from purchases from Denver Water and from water pumped from the Arapahoe well.

I Groundwater from under the refinery is also treated. A total of 346.7 MMGal is treated and is not included in the water returned indicator. A total of 513.76 MMGal is actually processed at the treatment facility.

J Water is used throughout the refinery processes (e.g., in cooling towers and for steam) and is also lost to evaporation.

K Water usage is primarily from car washes.

ENERGY CONSUMPTION

Energy use (million gigajoules and MMBtu)^G

5.03

4.76

Energy intensity (gigajoules/m³ production) and (MMBtu/bbl production)

0.78

0.12

Electricity imports (million gigajoules and MMBtu)

0.89

0.003

Electricity import intensity (gigajoules/m³ production) and (MMBtu/bbl production)

0.139

0

WATER USE

Water purchased at refinery (million m³ and MMGal)^H

1.59

420.61

Water returned (million m³ and MMGal)^I

0.63

167.06

Water retained/used (million m³ and MMGal)^J

0.96

253.55

Used at retail stores (million m³ and MMGal)^K

0.28

72.77

ENVIRONMENT (continued)

WATER DISCHARGE QUALITY

Total suspended sediment (tonnes and tons)

CAN 04

U.S. 04

26.65

29.38

Oil and grease (tonnes and tons)

6.7

7.38

Phenol (tonnes and tons)

0.01

0.01

Ammonia (tonnes and tons)

13.51

14.89

Total metals in effluent (tonnes and tons)

4.17

4.60

WASTE MANAGEMENT

Waste generation and disposal

Hazardous waste (tonnes and tons)

215.40

237.44

Non-hazardous waste (tonnes and tons)

19 823

21 851

PRODUCTS AND SERVICES

Ethanol blended into gasoline (thousand m³ and MMGal)

16.63

4 393

Sulphur content of gasoline (ppm)

113.4

COMPLIANCE

Major incidents

0

Regulatory contraventions

60

Reportable spills (to land) ¹

4

Volume of spills (bbbls)

867

Air quality exceedances

54

Regulatory fines (\$) ^{1M}

17 879

13 753

EH&S MANAGEMENT

EH&S professionals on staff

¹ Reportable spills are spills to land, which are cleaned up on location. There have been no spills directly to Sand Creek.

^{1M} There was a total of three fines. As a result of analyzer downtime in January 2004 and emissions contraventions in April 2004, there was a penalty of US\$3,125 and payment in lieu of penalty of US\$10,000 as a Supplemental Environmental Project for a VOC Emission Reduction Project. Two additional stipulated penalties totaling US\$628 were paid as required under the refinery's Consent Decree in relation to excess SO₂ emissions.

ECONOMIC ^N

CAN 04

U.S. 04

PRODUCTION

* Refined product sales (thousand m³ refined product/day) and (thousand barrels of oil/day) ^O

9.3

58.5

^N A year-to-date 2004 average was used to convert U.S. dollars to Canadian dollars (US\$1 = CDN\$1.30)^O Refined product sales consist of refinery production and other product purchases. Figures are consistent with those found in Suncor's annual financial reports. Refined product sales differ from gross production in the environmental performance section.

FINANCIALS

* Revenues (\$ millions)

1 495

1 150

** Earnings (\$ millions)

34

26

Retained earnings (\$ millions)

31

24

* Cash flow from operations (\$ millions)

59

45

Taxes and royalties paid (\$ millions) ^P

5

4

Taxes and royalty credits received (\$ millions)

0

0

^P Taxes paid include entity income taxes, property and use taxes^Q This includes funds spent for goods and services (G&S) spent at the refinery, in the pipeline group and for the clean fuels projects, which make up the majority of the G&S spent at R&M.

INVESTMENTS

* Capital and exploration expenditures (\$ millions)

190

146

Research and development investment (\$ millions)**0****0**

PURCHASES

Goods and services (\$ millions) ^Q

225.9

173.8

SOCIAL

CAN 04

U.S. 04

HEALTH AND SAFETY ^R

Employee lost-time injury frequency

0.32

Contractor lost-time injury frequency

0.20

Employee recordable injury frequency

1.27

Contractor recordable injury frequency

2.44

Employee and contractor fatalities

0

R Our U.S. operations use the Occupational Safety and Health Administration (OSHA) definitions to classify their injuries, which differ slightly from Canadian standards. For the most part OSHA's is a more rigorous classification standard than current Canadian standards.

S Compares lowest full-time base wage to Colorado and Wyoming minimum wage of US\$5.15/hour.

T Business services includes all R&M business units (e.g. refinery, pipelines and corporate), but excludes retail.

U Compares average full-time base wage to Colorado and Wyoming minimum wage of US\$5.15/hour.

V Includes support of the Suncor educational assistance plan that reimburses tuition upon successful completion of a course or program.

W Educational Assistance Plan does not include workshops and other on and off the-job training and development.

X Retail outlets are typically staffed with full and part-time employees that have high turnover rates, consistent with the retail industry. We have excluded the turnover rates for R&M retail for this reason.

Y *Life Works* is a confidential service provided to salaried and union employees for assistance in dealing with any life issues (e.g., family, health or work related). The tracking of utilization is based only on number of telephone calls. This program cannot be added to company-wide statistics since it is a different program than Canada's Employee and Family Assistance Program.

Z Employee is defined as active, regular (full-time or part-time). Maternity and short term disability are considered active and are included. Ten additional employees who live in Canada, but are part of R&M are also included. There are 622 employees who live in the U.S.

AA Long-term contractors include contractors at the refinery, based on full-time equivalent staff (total contractor hours worked divided by 2,080 hours), and contractors in the Denver office.

EMPLOYEE RELATIONS

Ratio of lowest wage to minimum wage ^S

Business services only ^T

2.53

Retail stores only

1.46

Ratio of average wage to minimum wage ^U

4.25

Business services only ^T

6.29

Retail stores only

1.87

Ratio of jobs offered to jobs accepted

1.07

Training and development (\$ thousands) ^V

722

Educational assistance plan (\$ thousands) ^W

54.1

* Employee turnover (%) ^X

59

Business services only (%) ^T

12

Retail store only (%)

113

Employee Assistance Program (*Life Works*) (%) utilization) ^Y

32

WORKFORCE

Suncor employees ^Z

632

Long-term contractors ^{AA}

35

Employee wages (\$ millions)

47.7

36.7

Employee benefits (\$ millions)

9.9

7.6

% of workforce unionized

22

EQUAL OPPORTUNITIES AND DIVERSITY

Workforce diversity (% of total workforce)

American Indians

1.0

Visible minorities

23.7

Women

37.0

Women in management

41.2

Women in management (retail only)

55.8

SUNCOR'S POLICIES AND PROGRAMS ADDRESSING THE GRI GUIDELINES

Suncor's Report on Sustainability was prepared in accordance with the 2002 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI). While the report is not a GRI Standard, the GRI Standard is referenced throughout the report. There are some aspects of the GRI guidelines that are not addressed in this report. These aspects are identified in the table below. The table identifies the GRI guideline that is not addressed, the reason for the gap, and the steps that Suncor is taking to respond to the remaining requirements identified by GRI.

ASPECT/INDICATOR	SUNCOR'S RESPONSE	GRI INDEX REFERENCE
STRUCTURE AND GOVERNANCE		
Board Committees Roles and Responsibilities	<p>The chairman of the Board and the chairs of the four committees of the Board are all independent directors. All committees of the Board, except the Environment, Health and Safety Committee, are comprised entirely of independent directors. The roles and responsibilities of the Board committees include the following:</p> <p>Board Policy, Strategic Review and Governance Committee – Oversees key matters pertaining to Suncor's values, beliefs and standards of ethical conduct. Reviews key matters pertaining to governance, including organization, composition and effectiveness of the Board. Reviews preliminary stages of key strategic initiatives and projects.</p> <p>Human Resources and Compensation Committee – Reviews and ensures Suncor's overall goals and objectives are supported by appropriate executive compensation philosophy and programs, annually evaluates the performance of the CEO against predetermined goals and criteria and recommends to the Board the total compensation for the CEO.</p> <p>Audit Committee – Assists the Board in matters relating to Suncor's internal controls, internal and external auditors and the external audit process, oil and natural gas reserves reporting, financial reporting and public communication and certain other key financial matters. Approves Suncor's interim financial statements and management's discussion and analysis.</p> <p>Environment, Health and Safety Committee – Reviews the effectiveness with which Suncor meets its obligations pertaining to environment, health and safety, including the establishment of appropriate policies with regard to legal, industry and community standards and related management systems to implement policies and monitor compliance.</p>	3.1, 3.4
Suncor's Board of Directors	As of April 28, 2005, Suncor's Board of Directors comprised 12 directors, 10 of whom were determined to be independent of management under the Toronto Stock Exchange and New York Stock Exchange guidelines. Of these members, one is a woman and one person is of Aboriginal descent.	3.2, LA11
Process for Determining Expertise	A process is in place for the recruitment of new Board members based on skill and expertise. The Board seeks a diversity of skills and perspectives that include environmental, social and economic considerations.	3.3
Sustainability Steering Committee	Suncor's Sustainability Steering Committee (SSC), comprising senior management from all businesses, is responsible for the development of company-wide strategies and operational goals and assessing sustainability progress across all areas of our business. The SSC reports directly to the Corporate Committee through the senior vice president, Human Resources and Communications, and the senior vice president and chief financial officer.	3.6
Mechanism for Shareholders	<p>In order to be accessible to stakeholders regardless of location, Suncor webcasts its Annual General Meeting (AGM) and provides the opportunity for viewers to participate in the question and answer period via the Internet. Any shareholder with a minimal number of shares may also put forward a "shareholder proposal" at the AGM.</p> <p>At any time, individuals can express their opinion to management by calling toll free or sending an e-mail to Suncor's information mailbox. This number and e-mail address are provided on our external website and in our annual report to shareholders. In addition, Suncor maintains an investor relations function that addresses analyst and investor inquiries. See page 103 of our 2004 annual financial report.</p>	3.8

ASPECT/INDICATOR	SUNCOR'S RESPONSE	GRI INDEX REFERENCE
POLICIES AND MANAGEMENT SYSTEMS		
Precautionary Principle	Suncor supports the precautionary principle, which is reflected in our life cycle value assessment tool we use to provide guidance on the environmental, social and economic impacts of a project, including stages from design through to operations and maintenance and reclamation. Other examples include our support and participation in the Cumulative Environmental Management Association – seen as a model for addressing community impacts.	3-13
Public Policy	Suncor provides input to the development of public policy that encourages sustainable development. Suncor's involvement includes participation in the World Business Council for Sustainable Development, Canadian Council of Chief Executives, Alberta's Clean Air Strategic Alliance, Canadian Association of Petroleum Producers, Canadian Petroleum Products Institute, Clean Air Renewable Energy Coalition, the Mining Association of Canada's Toward Sustainable Mining Initiative, Conference Board of Canada, Canadian Business for Social Responsibility, Canadian Centre for Philanthropy, Boston College Center for Corporate Citizenship, and Centre for Innovation and Management at Simon Fraser University.	
Management Systems	<p>Suncor has a company-wide environment, health and safety (EH&S) management system modelled on the ISO 14001 standard to ensure the company complies with regulations while managing risks to people, equipment, products and the environment. In 2003, a risk matrix was developed and is now widely used across our businesses.</p> <p>Within the EH&S management system is a Greenhouse Gas Management program, designed to increase the accuracy and efficacy of identifying, tracking, and encouraging reductions of emissions.</p> <p>EH&S audits are conducted at two levels (Tier I and Tier II) with the assistance of qualified external parties. Additionally, Deloitte & Touche LLP have validated selected data in this 2005 Report on Sustainability (see page 60).</p>	3-20
SOCIAL INDICATORS		
Human Rights	As a company operating in North America where there are numerous regulations addressing human rights issues, Suncor has not seen the need to develop an additional and extensive human rights policy and monitoring system. Should they arise, human rights issues will be addressed by the senior vice president of Human Resources and Communications using legislation and the Fundamental Human Rights Conventions of the International Labour Organization as guidelines.	HR1, HR2, HR3
Freedom of Association and Collective Bargaining	Suncor operates under applicable labour laws in jurisdictions where we operate. These laws prohibit terminating any individual as a result of choosing to enter into collective bargaining. Suncor has not developed a written policy independent of these laws. Local labour boards monitor Suncor's adherence to these laws. Suncor has active trade union agreements which are reviewed regularly. Trade unions and their progress are explained under the GRI index LA3 within this table.	
Non-Retaliation and Employee Grievances	Suncor has a number of supporting policies on non-retaliation, which are included in the company's Standards of Business Conduct compliance program. Specifically, Suncor will not penalize, sanction or discriminate against any employee solely because the employee lawfully provides information relating to activities the employee reasonably believes are illegal or contrary to Suncor policy. Collective agreements also prohibit retaliation solely because of lawful union activity. All bargaining units at Suncor provide mechanisms for employee representation, formal grievance and arbitration.	HR10
Indigenous People	In addition to Suncor's Stakeholder Relations Policy, the Aboriginal Affairs Policy outlines a set of guiding and operating principles that supports Suncor's desire to fulfill our responsibilities to the Aboriginal/indigenous Peoples affected by our operations. Suncor believes Aboriginal/indigenous Peoples should share in the economic benefits of industrial development, providing a catalyst for re-establishing self-reliance in their communities. To better reflect these needs, we have been updating our policy, scheduled to be complete in 2005. Operating principles have also been developed, which include recognizing the legal standing and territorial rights of First Nations under Canadian legislation and treaties. Concerns will be addressed through the elected leadership of the communities and communication will be direct and open. For more information on the Aboriginal Affairs policy, see page 28.	HR12

ASPECT/INDICATOR	SUNCOR'S RESPONSE	GRI INDEX REFERENCE
Trade Unions	<p>Suncor's relationships with unions and associations are vital to ensuring the reliable operation of our facilities.</p> <ul style="list-style-type: none"> At Oil Sands, approximately 1,539 of the plant's 2,523 employees were unionized (61%) in 2004 and are represented by the Communications, Energy and Paperworkers' (CEP) Union, Local 707. CEP members ratified a new early agreement with Suncor in February 2004. This agreement became a national pattern-setter for the union and speaks to the positive relationship between Suncor and the CEP. Sunoco Employees' Bargaining Association (SEBA) at the Sarnia refinery signed a three-year agreement in 2005, which will expire in 2008. Members of the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International (USW) Union, Local 5-477 voted in favour of a three-year contract extension with Suncor Energy (U.S.A.) Inc. in May 2005. USW Local 5-477 represents 145 of the 260 employees who work at Suncor's refinery in Commerce City, Colorado. The extended contract will expire on January 31, 2009. Energy Marketing and Refining (EM&R) London terminal workers, represented by the Canadian Auto Workers' Union, entered their first three-year contract in 2003. 	LA3
Changes in Operations	<p>As part of Suncor's company-wide business integration process (known as Project Cornerstone), a standardized Management of Change (MOC) process has been developed outlining how change is to be communicated, evaluated, approved, planned, implemented and closed out. This formalized MOC process will help ensure all changes provide the intended benefits while minimizing health, safety, environmental, quality, and business risks from inception to commissioning. Specific objectives include: assurance that adequate review and pre-planning take place prior to approving a change, identification of the risk impact (e.g., have identified an appropriate implementation plan, actions and modifications to procedures/policies/practices/standards), and to ensure appropriate training, communication and actions are managed effectively and efficiently. The rigorous implementation of this company-wide MOC process is expected to significantly improve how we manage change today.</p>	LA4
Equal Opportunity	<p>Suncor is in compliance with, or exceeds, the requirements of various programs and legislation as required by our business activities in Canada and the U.S. As a result of that compliance activity, and as part of our long-term people strategy, Suncor is engaged in activities to establish an inclusive work environment that is free of discrimination and harassment, and processes and practices that are free of bias and systemic barriers.</p> <p>Suncor is in compliance with the Federal Contractors Program, a comprehensive equity program applied to companies that bid on contracts with the Canadian federal government. Compliance requires adhering to several criteria, including tracking progress against demographic goals in designated employee groups, undertaking formal reviews of programs and policies and designating formal responsibilities for employment equity.</p> <p>In addition, Suncor is also in compliance with Ontario Pay Equity legislation regarding job evaluation, which ensures no gender bias occurs in the valuing of work. In the U.S., Suncor provides equal employment opportunities to all employees and applicants for employment without regard to race, creed, religion, sex, national origin, age, disability, military status or any other status protected by federal, state or local laws.</p>	LA10
Bribery and Corruption	<p>Suncor's Improper Payments Policy prohibits company personnel from using corporate funds for illegal or improper purposes including bribery and kickbacks. Suncor maintains books, records and accounts that accurately reflect and properly describe all payments and other transactions. Suncor's policy was designed to align with both Canadian and U.S. foreign corrupt practices legislation. Both countries are signatory to the Organisation for Economic Co-operation and Development (OECD) Convention on Combating Bribery of Foreign Public Officials. Suncor has not recorded a bribery incident since our 2001 Report on Sustainability. To ensure continued good performance in this area, employees must read and sign off on the policy, as well as other policies relating to Suncor's expectations for lawful and ethical conduct, each year.</p>	SO2
Political Lobbying and Contributions	<p>Suncor makes political contributions in support of the Canadian democratic process. We contributed a total of \$132,675 in 2003 and 2004. Suncor's Policy on Political Contributions governs these contributions. All political contributions, including political fundraising events, are authorized and recorded by the senior vice president, Human Resources and Communications, within a pre-allocated budget approved by the president and chief executive officer. All contributions are reviewed annually by Suncor's Corporate Committee. We have not made any political contributions in the U.S.</p>	SO3, SO5
PRODUCT AND CUSTOMER RESPONSIBILITY		
Customer Health and Safety	<p>All Suncor retail employees at Phillips 66 in the U.S. and every Ontario Sunoco retailer must be trained and follow guidelines to train staff for environment, health and safety (EH&S). It is the responsibility of store managers and retail territory managers (RTM) to train their employees in all areas of customer service and health and safety. Our retail training department has developed site orientation software that retailers use to train their staff on proper procedures for retail operations and maintaining a safe workplace. Suncor's RTM and EH&S auditors observe operations and check each site to ensure appropriate training is in place, health and safety signage for customers and staff is visible and the retail station is operating within EH&S guidelines. All retail safety incidents are reported and reviewed to evaluate and learn from incidents and to implement recommendations to prevent future incidents. In Ontario, a Site Security Task Force reviews security risk for retail sites and recommends the appropriate risk mitigation tactics.</p>	PR1

ASPECT/INDICATOR	SUNCOR'S RESPONSE	GRI INDEX REFERENCE
Product Information and Labelling	Every retail site must meet strict operating guidelines for maintaining and keeping Material Safety Data Sheets, first aid kits, eye wash stations and special personal protective equipment. The guidelines also provide procedures for site-specific staff training. These are verified by field operations several times a year. Sunoco retailers are required to complete training on Risk Management and Managing a Safe Workplace that includes training on product handling and Workplace Hazardous Materials Information System (WHMIS) labels. A similar training program to manage a safe workplace is also required for U.S. retail employees.	PR2
Privacy	Through our Privacy Policy, Suncor is committed to protecting the privacy and security of the personal information of individuals with whom the company interacts, including customers, suppliers, employees and contractors. The policy states that Suncor cannot use or disclose this information without the person's consent, except in the limited circumstances prescribed by applicable law. There has been no material impact to Suncor as a result of the Personal Information Protection and Electronic Documents Act (Canada) that came into effect on January 1, 2004. In the U.S., Suncor safeguards the protected health information of employees in accordance with the federal Health Insurance Portability and Accountability Act. In addition, Suncor's standards of conduct require that all employees protect and not disclose any confidential information from Suncor's customers, suppliers, employees and contractors.	PR3
Customer Satisfaction	Customer satisfaction is measured at Sunoco's Ontario retail sites using customer surveys. Delivered by a third-party provider, a survey is offered to customers who are invited to give feedback on their experience on the www.sunoco-survey.com or by phone. The results of these customer surveys are reviewed once a month by Suncor management. Feedback from the surveys is used by the retail sites to make improvements to customer satisfaction. Three activities are identified and implemented in their operation every month. This may include site cleanliness, customer care attendant greetings and increased speed of transactions and service. Customers who answer the surveys are entered into a draw to win \$1,500 in gasoline coupons. In the U.S., customer satisfaction is measured on two levels. First, as a condition to do business, each Phillips 66-branded retail facility is required to participate and pay for a monthly third-party "mystery shop," conducted by a third-party research firm. The mystery shop analyzes many aspects of the business, including employee courtesy, facility appearance and customer service. Store management accesses this data online and uses the information to improve operations. A second customer satisfaction tool is a 24-hour, toll-free customer service telephone number, which is posted at all stores.	PR8
Consumer Advertising	Sunoco-branded advertising goes through a series of processes to ensure accuracy and factual proofing. Suncor's department managers approve each feature and benefit of our fuels, service and washes. Suncor staff approves all creative pieces of advertising for fuel and car washes, with both Suncor manager and director sign off required. Other on-site merchandise advertising (e.g. on pop and chip advertising) does not require director sign off. These processes cover all of the Sunoco retail stations, that are located in Ontario. Similarly in the U.S., we maintain a rigorous advertising creative and approval process to ensure accuracy and factual proofing. Phillips 66-branded advertising occurs in both the "retail" and "wholesale" marketing channels. All on-site retail convenience product merchandise advertising is managed by the retail merchandising manager. All Phillips 66-branded advertising is managed by the marketing manager. All branded advertising requires general manager, supply and marketing approval and written approval from ConocoPhillips in Houston, Texas. ConocoPhillips approval is required as detailed in the licence agreement. Suncor has not been in any breach of regulations since our 2001 Report on Sustainability or since acquiring our U.S. operations beginning in August 2003.	PR9, PR10
ENVIRONMENTAL INDICATORS		
Environmental Impacts of Products and Services	In 1996, Suncor began selling ethanol-blended gasoline at Sunoco retail stations. Ethanol, an alcohol made from corn, is blended with gasoline. It is a cleaner burning, renewable resource that reduces emissions that contribute to smog and global warming. Today, all Sunoco retail stations sell gasoline containing 10% ethanol at no extra cost to consumers. Downstream at our refining facilities, we have introduced low sulphur gasoline to meet Canadian legislative requirements. A new gasoline desulphurization unit is being installed at our Commerce City refinery to meet U.S. clean fuels requirements and a diesel desulphurization unit is being installed at our Sarnia refinery for 2006. For more information on our ethanol facility expansion and our desulphurization units, see pages 9 and 10.	EN14
Transport	Suncor recognizes the environmental impacts of transportation at our mining operations as well as to meet public demand for transportation fuels. Initiatives to improve maintenance and tire efficiency, and reduction opportunities for nitrogen oxide emissions are under way for our heavy haulers in the oil sands operations. In addition, the majority of Oil Sands' 2,500 employees are bused to and from work daily – an 80-kilometre round trip. Our products are also transported via pipelines, rail cars and trucks to various markets in Canada and the U.S.	EN34

GRI CONTENT INDEX

Suncor is proud to prepare this Report on Sustainability in accordance with the 2002 guidelines of the Global Reporting Initiative (GRI). The GRI's voluntary guidelines include both core requirements – requirements companies such as Suncor must strive to meet to achieve accordance – and optional requirements.

Suncor's progress in meeting these requirements is marked in the GRI Content Index. Page numbers and related footnotes are provided for finding more details on specific items within this report. Meeting all the guideline requirements will take time; however, Suncor is committed to a course of continuous improvement on our journey toward becoming a sustainable energy company.

For more information about the GRI, visit www.globalreporting.org.

Section	Page	Topic	Core	Page	Additional	Page	Topic	Core	Page	Additional	Page
VISION AND STRATEGY		ECONOMIC					SOCIAL				
1.1	12	Customers	EC1	PI			Employment	LA1	25-27, PI	LA12	25, PI
1.2	4-7		EC2	59				LA2	27, 51, PI		
PROFILE		Suppliers	EC3	PI	EC11	49, PI	Labour/Management Relations	LA3	84	LA13	13, 82, 84
2.1	2		EC4	*				LA4	84		
2.2	2-3	Employees	EC5	25, PI			Health and Safety	LA5	*	LA14	—
2.3	2							LA6	13, *	LA15	—
2.4	2, 61, PI	Providers of Capital	EC6	63				LA7	18, 59, PI		
2.5	2		EC7	49, 51, 63				LA8	*		
2.6	2	Public Sector	EC8	63	EC12	—	Training and Education	LA9	*, PI	LA16	—
2.7	2		EC9	63, 68, 72					LA17	26	
2.8	2, 49, PI		EC10	29, 30, 65			Diversity and Opportunity	LA10	14, 84		
2.9	23-28, PI, 84	Indirect Economic Impacts			EC13	28, 54-56, 85		LA11	82		
Report, Scope and Profile		ENVIRONMENTAL					Strategy and Management	HR1	83	HR8	—
2.10	OBC	Materials	EN1	*				HR2	83		
2.11	IFC		EN2	*				HR3	83		
2.12	IFC, 5	Energy	EN3	38, PI	EN17	7, 10-11, 36	Non-Discrimination	HR4	14		
2.13	61, PI		EN4	38, PI	EN18	—	Freedom of Association and Collective Bargaining	HR5	83		
2.14	2, 35, PI				EN19	—	Child Labour	HR6	*		
2.15	PI	Water	EN5	41-42, PI	EN20	—	Forced and Compulsory Labour	HR7	*		
2.16	35, 40, PI				EN21	—					
2.17	62, *				EN22	—	Disciplinary Practices		HR9	—	
2.18	PI	Biodiversity	EN6	43-44, 67	EN23	67		HR10	13, 83		
2.19	40, PI		EN7	43-44	EN24	—	Security Practices	HR11	—		
2.20	13, 14, 28, 60, 82-85				EN25	24	Indigenous Rights	HR12	27, 28, 83		
2.21	60, 61				EN26	43-44		HR13	—		
2.22	throughout report				EN27	43-44	Community	SO1	23-27, 55-56	SO4	10, 13, 17, 25, 49, 52
					EN28	—					
					EN29	44-45					
MANAGEMENT SYSTEMS		Emissions, Effluents and Waste	EN8	33, 36-37, 58, PI	EN30	—	Bribery and Corruption	SO2	14, 84		
Governance Structure			EN9	66	EN31	—	Political Contributions	SO3	84	SO5	84
3.1	13, 82		EN10	33, 39-40, PI	EN32	—	Competition and Pricing			SO6	—
3.2	82		EN11	46, PI						SO7	14
3.3	82		EN12	PI			Customer Health and Safety	PR1	84	PR4	—
3.4	13, 82		EN13							PR5	—
3.5	*									PR6	10
3.6	13, 82						Products and Services	PR2	85	PR7	—
2.7	12, 14									PR8	85
2.8	82						Advertising	PR9	85	PR10	85
Stakeholder Engagement										PR11	—
3.9	23						Respect for Privacy	PR3	85		
2.10	23										
2.11	23-28, 44, 45										
2.12	23-28, 44, 45										
Policies and Management Systems		Suppliers			EN33	—					
3.13	83	Products and Services	EN14	9-10, 85							
3.14	*		EN15	*							
3.15	36, 45, PI, 83	Compliance	EN16	20, PI							
3.16	10, 54, 85	Transport			EN34	85					
3.17	55, 56	Overall			EN35	9, 75					
3.18	2, 35, PI										
3.19	*										
3.20	37, *										

* explanatory information found in the footnotes at right

PI Information found throughout Suncor's performance indicators – pages 62 to 81

OBC Outside back cover

IFC Inside front cover

2.17 Suncor has used the water protocol and has examined both the health and safety and energy protocols. We found our methodologies align with these standards.

3.5 Executive compensation is outlined in Suncor's annual proxy circular which can be found on our website at www.suncor.com. The Human Resources and Compensation Committee of the Board of Directors reviews and endorses executive compensation.

3.14 Suncor has developed our own sustainability strategy and other sets of principles to govern company activities. We have not adopted externally developed principles.

3.19 The scope and nature of our programs and procedures are integrated throughout the report. As of this report's publication, Suncor was completing company-wide business integration processes to help advance priorities, performance monitoring, communication and management review.

3.20 The Sarnia refinery received ISO 14001 certification in 1999.

LA5 As required by law, Suncor records and notifies regulatory occupational health and safety authorities and workers' compensation boards with respect to serious injuries. We align closely with, but do not use, the International Labour Organization (ILO) Code of Practice on Recording and Notification of Occupational Accidents and Diseases.

LA6 The internal, company-wide Environment, Health and Safety (EH&S) Functional Support Team, comprised of EH&S professionals from each of our businesses, meets quarterly to address issues and ensure compliance to Suncor's EH&S management system. This team is chaired by the vice president, Sustainable Development.

LA8 Suncor has numerous policies and programs to protect against discrimination and provide support for individuals with any disease. They are not specific to HIV/AIDS.

LA9 Suncor tracks dollars spent on training and education (see performance indicators, pages 62 to 81), rather than on average hours of training.

HR6 Suncor has no specific policies or programs on child labour, but adheres to Canadian and U.S. labour laws and the ILO, Conventions 182 and 138.

HR7 Suncor has no specific policies or programs on forced and compulsory labour, but adheres to the ILO, Convention No. 29.

EN1 With the exception of water and energy use, Suncor does not track other material use.

EN2 The percentage of materials used in our processes, that are wastes from external sources, is not currently tracked.

EN15 Since our gasoline and diesel products are consumed during use, none of the product is reclaimed. See page 85 for details on how Suncor is improving the environmental performance of our product.

EC4 Suncor's EH&S and supply chain groups are working to develop a comprehensive system for tracking our contracts and the sustainability performance of our suppliers as part of our company-wide integration system.

WE'RE LISTENING

Understanding the needs and expectations of our stakeholders is an important part of Suncor's vision of becoming a sustainable energy company. That's why in preparing this report, we sought input from a variety of stakeholders, including Suncor's employees. We would like to acknowledge and thank these individuals for their contributions to this report and the ongoing guidance they provide to Suncor.

Questions or comments about Suncor's 2005 Report on Sustainability can be made through info@suncor.com.

LEGAL NOTICE – FORWARD-LOOKING STATEMENTS

This Report on Sustainability contains certain forward-looking statements that are based on Suncor's current expectations, estimates, projections and assumptions made in light of experience and perception of historical trends.

All statements that address expectations or projections about the future, including statements about Suncor's strategy for growth, expected and future expenditures, operating performance (which includes environmental, health, safety and regulatory compliance) and expected impact of future commitments, are forward-looking statements. Some of the forward-looking statements may be identified by words like "aims", "looks", "should", "evolve", "propose", "journey toward", "working to", "set the stage", "goal", "expects", "anticipates", "estimates", "intends", "vision", "plans", "could" and "may". The forward-looking statements speak only of the date hereof and Suncor undertakes no duty to update these statements to reflect subsequent changes in assumptions (or the trends or factors underlying them) or actual events or experience. These statements are not guarantees of future performance and Suncor's actual results may differ materially from those expressed or implied by its forward-looking statements. Readers are cautioned not to place undue reliance on them.

The risks, uncertainties and other factors that could influence actual results include, but are not limited to: changes in the general economic, market and business conditions; fluctuations in supply and demand for Suncor's products, commodity prices and currency exchange rates; Suncor's ability to respond to changing markets and to receive timely regulatory approvals; the successful and timely implementation of capital projects, including growth projects (for example in-situ development

and Voyageur) and regulatory projects (for example, the clean fuels refinery modifications projects in Suncor's downstream businesses); the accuracy of cost estimates, some of which are provided at the conceptual or other preliminary stage of projects and prior to commencement or conception of the detailed engineering needed to reduce the margin of error; the cumulative impact of other resource development; the integrity and reliability of Suncor's capital assets; Suncor's ability to comply with current and future environmental laws; the accuracy of Suncor's reserves, resource and future production estimates and its success at exploration and development drilling and related activities; the maintenance of satisfactory relationships with unions, employee associations, joint venture partners, suppliers and customers; competitive actions of other companies, including increased competition from other oil and gas companies or from companies that provide alternative sources of energy; the uncertainties resulting from the January 2005 fire at the oil sands facility and other uncertainties resulting from potential delays or changes in plans with respect to projects or capital expenditures; actions by governmental authorities, including increasing taxes, changes in environmental and other regulations; the ability and willingness of parties with whom Suncor has material relationships to perform their obligations to Suncor; and the occurrence of unexpected events, such as the January 2005 fire, blowouts, freeze-ups, equipment failures and other similar events affecting Suncor or other parties whose operations or assets directly or indirectly affect Suncor.

The foregoing important factors are not exhaustive. Many of these risks and other factors are discussed in Suncor's current Annual Report, Annual Information Form/Form 40-F and other documents Suncor files with securities regulatory authorities.



Box 38, 112 – 4th Avenue S.W. Calgary, Alberta T2P 2V5
tel: (403) 269-8100 toll-free: 1-866-SUNCOR-1 fax: (403) 269-6217
e-mail: info@suncor.com www.suncor.com



The Dow Jones Sustainability Index (DJSI) follows a best-in-class approach to select sustainability leaders from each industry sector. Suncor has been included in the DJSI since the index was launched in 1999.



As an Imagine Caring Company, Suncor contributes 1% of its average domestic pre-tax profits to Canadian charitable and non-profit causes.



Suncor is committed to working in an environmentally responsible manner. The paper in this report is manufactured from 100% post-consumer waste using a chlorine-free bleaching process that reduces air emissions.